

Cooperation to carry forward with our allies constructive, realistic programs for common defense and—particularly to progress and provide a better life for folks in the less developed areas of the world.

Effectively resolve problems arising out of differing economic, social, and political views among the free nations themselves—without “unsettling rifts” in our relationships.

Further strengthening our economy

2. We must maintain and further strengthen the economy at home. This involves: Encouragement of a sound money policy to stimulate growth and expansion of our free enterprise system and halt inflation; the surplus of over \$1 billion for fiscal year 1960—like the dramatic “slow-down” of inflation—illustrates that it can be done. Encourage full employment—now at an alltime high of 68.6 million; also we must wipe out remaining pockets of unemployment. Further brighten the outlook for job-creating free enterprise—95 percent of which are small businesses, through appropriate modification of the tax laws; effective employment of the antitrust laws; and similar actions. Further expand our housing program—to provide new and better homes, apartments, and other types of housing for more Americans. Carry on constructive conservation of our natural resources; and other measures.

Programs for human progress

3. As our times are new, we must also adopt new programs for preservation of human rights and promoting human progress. In an economically healthy country, we should—and must—create ever greater opportunity for our people in all walks of life. This includes: Assuring opportunity for workers to engage—and succeed—in a chosen vocation; providing necessary care—as well as opportunity to continue to contribute to community and national life—for our aging folks; establishing more creative youth-development programs; expanding our educational opportunities for the increasing students of school age, as well as for adult education; assuring protection—and opportunity to exercise constitutional rights for all citizens.

These, of course, are only highlights of complex fields in which we need to keep moving forward with our fast-advancing times.

Analysis of Khrushchev's schizophrenic policies

Now, let's take a look around the world. We recognize, of course, that peace and security are necessary—in fact, essential to survival—in this nuclear-missile age. Any consideration of the outlook for peace, and threats to our security, almost magnetically focus upon the Communists—the major troublemakers and threats to peace.

Regrettably, we continue to witness sequences of erratic, contradictory, illogical action by Khrushchev and the Soviet Government. Currently, efforts are being made to analyze the motivations behind such on-and-off, hot-and-cold, alternative “missile-threats and sweet-talk” policies. For one who looks for logic, adherence to reason and principles, respect for national order and law, and desire for peace, however, the utterings and actions of Khrushchev almost defy interpretation.

Recently, Prime Minister Macmillan, of Great Britain, wrote to Premier Khrushchev, saying, “I simply do not understand what your purpose is today.”

There is one theory—which, recently, has appeared to “shed some light” on Mr. Khrushchev's seemingly schizophrenic policies: A number of years ago, a Russian scientist named Pavlov—by experimentation—discovered that if one dealt consistently in an inconsistent way with animals, the result was confusion and hysteria. In practice, he would alternately “pat them”—then “kick them”—for the same thing.

Apparently, Khrushchev is adopting a similar theory in his world policy. However, I believe we should not—and must not—be fooled by his Pavlovian tactics.

SETTING THE COMMUNIST RECORD “STRAIGHT”

To better deal with these contradictory policies, we—and the world—need to do a little “skywriting”—nationally and internationally—to more clearly distinguish the great differences between the Soviets’ “word and deed.” Let me cite a few examples: (1) Since World War II, the Soviets—seemingly in good faith—entered into over 40 top-level agreements with the United States. As it served their purposes, however, they flagrantly have broken over 37 of these treaties. (2) Contradictorily, the Soviet Premier preaches against imperialism outside the Iron and Bamboo Curtains; meanwhile the

Communist blocs are building within their orbits—and attempting to extend—a great Colonial Empire. (3) Indulging in wild—and many times refutable—accusations against the United States and the West, for espionage, the Sino-Soviet bloc has created the greatest international conspiratorial, criminal-type ring of espionage and subversion known in world history. (4) Under guise of creating a “classless society,” communism—in practice—has created a new, privileged class, both in China and the Soviet Union. Although the Communists number only about 2-4 percent in Red China, and 4-6 percent of the population in the Soviet Union, they, as a new, privileged class, “get the plums,” dominate and enrich themselves in power and wealth at the expense of the common people of their countries; as well, they “siphon off” the wealth, manpower and national resources of the countries they dominate. (5) Under the ruse of the oft-repeated “peaceful, or competitive coexistence,” the Communists are carrying on—on a warlike schedule—espionage, sabotage, subversion and other penetrations of the free world. Among free people, the idea of coexistence, historically, has been considered an inherent right of all nations.

For the Communists, however, this does represent a deviation from the old, Leninist line—still adhered to by Red China—that there must ultimately be a war between the capitalist and Communist nations.

Fundamentally, this is one of the reasons for the recent “spat” between Moscow and Peking. Still in the first stages of communism—Red China finds it convenient, perhaps to a large degree for internal, propaganda consumption—to advocate war, for ultimate conquest of the world by communism.

Even though Mr. K., however, professes adherence to the concept of peaceful coexistence, his alley-brawl tactics—translated into Soviet policies on the international level—include anything—right or wrong, legal or illegal—if it will forward the Communist efforts toward domination of the world.

CONCLUSION

In the days ahead, we must set Mr. K. straight. By this I mean: We should make it evident that as always we shall continuously be ready and willing—regardless of an election—to protect the ramparts of freedom.

SENATE

THURSDAY, AUGUST 11, 1960

The Senate met at 10 o'clock a.m., and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal Spirit, amid the tensions of these terrific days we seek in Thy presence a saving experience of inner quiet and certainty.

Our ears are filled with the world's angry din. We must find Thee as a strong foundation that storms cannot shake, as a deep well that droughts cannot exhaust, as a citadel of refuge that no foe can invade.

We come in deep anxiety concerning the world the next generation will inherit from our hands.

Facing decisions freighted with destiny, unite our hearts and minds, we beseech Thee, in a mighty purpose that our Nation's strength, material and

spiritual, be dedicated to throw open the gates of more abundant life for all mankind. We ask it in the Name which is above every name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, August 10, 1960, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,
The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry

nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

DEVELOPMENT OF LATIN AMERICA AND RECONSTRUCTION OF CHILE

A letter from the Secretary of State, transmitting a draft of proposed legislation to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (with an ac-

companying paper); to the Committee on Foreign Relations.

REPORT ON PERSONAL AND REAL PROPERTY RECEIVED AND DISPOSED OF BY STATE SURPLUS PROPERTY AGENCIES

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on personal and real property received by State surplus property agencies and disposed of to public health and educational institutions, covering the period April 1 through June 30, 1960 (with an accompanying report); to the Committee on Government Operations.

REPORT ON PROVISION OF WAR RISK INSURANCE AND CERTAIN MARINE AND LIABILITY INSURANCE FOR AMERICAN PUBLIC

A letter from the Acting Secretary of Commerce, transmitting, pursuant to law, a report on the provision of war risk insurance and certain marine and liability insurance for the American public, as of June 30, 1960 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES IN THE FEDERAL COMMUNICATIONS COMMISSION

A letter from the Acting Chairman, Federal Communications Commission, transmitting, pursuant to law, a report on the backlog of pending applications and hearing cases in that Commission, as of May 31, 1960 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

REPORT OF ATTORNEY GENERAL ON ADMINISTRATION OF FOREIGN AGENTS REGISTRATION ACT

A letter from the Attorney General, transmitting, pursuant to law, his report on the administration of the Foreign Agents Registration Act of 1938, for the period January 1, 1955 to December 31, 1959 (with an accompanying report); to the Committee on the Judiciary.

OPERATION OF WELFARE AND PENSION PLANS DISCLOSURE ACT—REPORT AND RECOMMENDATIONS

A letter from the Secretary of Labor, transmitting, pursuant to law, a report and recommendations on the operation of the Welfare and Pension Plans Disclosure Act, for the period January 1, 1959–June 30, 1960 (with an accompanying document); to the Committee on Labor and Public Welfare.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. KERR, from the Committee on Public Works, without amendment:

S. 3625. A bill to establish a Wabash Basin Interagency Water Resources Commission (Rept. No. 1835).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BIBLE (by request):

S. 3833. A bill to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes;

S. 3834. A bill to increase the maximum amount which may be borrowed by the District of Columbia for use in the construction and improvement of its sanitary and combined sewer systems, and for other purposes; and

S. 3835. A bill to authorize the District of Columbia Civil War Centennial Commission to plan and carry out in the District of Columbia civic programs in commemoration

of the 100th anniversary of the Civil War; to authorize the Commissioners of the District of Columbia, the Secretary of the Interior, and the Secretary of Defense to make certain property of the District and of the United States available for the use of such Commission; to authorize the said Commissioners to make certain regulations and permit certain uses to be made of public space, and for other purposes; to the Committee on the District of Columbia.

RESOLUTION

ESTABLISHMENT OF PERMANENT UNITED NATIONS FORCE

Mr. CASE of New Jersey. Mr. President, the current crisis in the troubled Republic of the Congo is unhappily not yet resolved. But it has already served as a dramatic reminder of the important role which a United Nations Police force can play in certain critical areas.

I am submitting today, for appropriate reference, a resolution which would again express the sense of the Senate that such a United Nations force be established as a permanent arm of the United Nations. Mr. President, I ask unanimous consent that the text of my resolution be printed in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas twice in recent years, an emergency force of the United Nations has demonstrated its usefulness as an instrument for international order and security, and

Whereas a United Nations force can make an important contribution to the maintenance of conditions of peace and stability among nations, through such noncombatant functions as observation, patrol, guard duty, truce supervision, and the like, and

Whereas a United Nations force organized on a permanent basis, with advance provision for its transport and supply, could be made quickly available at troubled points throughout the world: Therefore be it

Resolved, That it is the sense of the Senate that—

(a) A United Nations force of a similar character to the United Nations Emergency Force in the Middle East and the United Nations military force in the Congo should be made a permanent arm of the United Nations;

(b) Such a force should be composed of units made available by members of the United Nations: *Provided*, That no such units should be accepted from permanent members of the Security Council;

(c) Consideration should be given to arrangements whereby individuals would be allowed to volunteer for service with such a force: *Provided*, That individuals who are nationals of permanent members of the Security Council should not be acceptable;

(d) Equipment and expenses of such a force should be provided by the United Nations out of its regular budget.

Mr. CASE of New Jersey. There is no need, Mr. President, for a lengthy exposition of why a permanent United Nations force, immediately available for duty in troubled areas, can be an extremely useful factor in the prevention of conflict. We have only to recall that many international crises of major importance have arisen over matters which seemed at the outset to be of only geographically limited consequence. There

is always the danger of global conflict when nations believe they have no alternative to their own intervention in such circumstances.

The speed and efficiency with which the United Nations Secretary General Dag Hammarskjöld, has improvised noncombatant United Nations forces has been truly remarkable. On November 5, 1956, the United Nations General Assembly authorized the establishment of a United Nations emergency force to secure and supervise a cease-fire in the Middle East. Only 10 days later, the first advance contingents of the hastily assembled United Nations force were landing in the Suez Canal Zone. On July 14 of this year, the United Nations Security Council authorized the Secretary General to provide military assistance to the Republic of the Congo. Within 2 days, United Nations Under Secretary Ralph J. Bunche, serving as the United Nations commander ad interim in the Congo, was deploying the first United Nations troops in Leopoldville.

These were both heroic feats of organization, as well as United Nations diplomacy. And they were greatly aided by logistical and airlift support provided by the United States, although neither the Middle East nor the Congo United Nations forces contain units from any of the great powers who are permanent members of the United Nations Security Council.

Efficient as these actions were, however, we should, I believe, regard them as a spur to further development rather than as a cause for complacency. The arrival of the first contingents of the U.N. units was, in both cases, only the start of a lengthy process of building up an adequate United Nations force. A number of weeks were required in 1956 to bring the United Nations Emergency Force up to a strength of 6,000 men. The process of United Nations buildup in the Congo this summer was more rapid and on a larger scale, with 12,000 United Nations troops now on the scene. But even today the U.N. force in the Congo is still incomplete. We should not have to rely upon improvisations, however brilliantly conceived and executed. The United Nations should be in a position to deploy its forces where needed, quickly and at full rather than token strength from the outset. The world can afford no less for the ability of the United Nations to field such a force, with little or no advance warning, which may at some future time be of crucial importance in preserving peace.

Mr. President, the U.S. Senate has on a number of occasions in the past gone on record in support of a U.N. Police force. Indeed, I was one of those who joined in sponsoring a similar resolution, Senate Resolution 15, which passed the Senate in 1957. I believe, Mr. President, that the reiteration of this basic view at this time, and its updating in the light of recent events, would be extremely helpful. It would express our urgent concern with this practical and attainable step toward strengthening the peace-preserving authority of the United Nations.

For a number of reasons I believe it would be desirable to refrain from expressing detailed suggestions on the organization of such a force.

Many persons would no doubt prefer to see a United Nations force composed entirely of volunteers recruited on an individual basis, rather than composed of units furnished by individual states. Many would, I am sure, like to specify that a permanent United Nations force should be fully equipped with its own vehicles, tactical aircraft, and the full means for its own air transport and supply. But, even though the cost of such a force would be almost negligible in comparison to the cost of the armed forces maintained by any one of the major powers, they would be large in comparison to the regular budget of the United Nations. Many States might object vigorously to a substantial increase in financial burdens which they already consider heavy.

My resolution, therefore, does not take the position that national units held in readiness by individual nations should be excluded. It does not express the view that contractual arrangements by the United Nations with individual states to provide transportation and equipment are undesirable. But it does imply that any such arrangements should be established on a regular basis so that the United Nations Police force may move ahead instantly when it is needed and it would express the sense of the Senate that consideration should be given to arrangements to permit individuals to volunteer for service.

The resolution I am submitting today does express one principle which is extremely important to the successful functioning of such a force. That is, neither country units nor individual volunteers should come from the permanent members of the Security Council—China, France, Great Britain, U.S.S.R., and the United States. The opportunities for the successful functioning of such a force depend upon a large measure of agreement among the members of the United Nations, either in the Security Council or the General Assembly. Such agreement is more likely if none of the great powers is in a position where it may be suspected of attempting to use or to influence the United Nations force for its own purposes. The absence of troops from the great powers should also make the admission of the United Nations force more acceptable to any State or States whose territory is involved.

Mr. President, this resolution takes no position on the difficult problem of enforcement action by the United Nations involving what amounts to war on behalf of the international organization. We are concerned here with a noncombatant force which would undertake such functions as observation, patrol, guard duty, truce supervision, and similar functions. Such activities, carried out promptly and effectively, may well help to put out sparks before they touch off a major conflagration. At our present state of development of military technology, where an accidental war could destroy tens or hundreds of millions of people just as thoroughly as a war resulting

from planned aggression, I believe it is incumbent upon us to support any promising opportunity to reduce conflict at the earliest possible stage. A permanent United Nations force represents such an opportunity.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 359) was referred to the Committee on Foreign Relations.

FAIR LABOR STANDARDS AMENDMENTS OF 1960—AMENDMENTS

Mr. GOLDWATER submitted amendments, intended to be proposed by him, to the bill (S. 3758) to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of large enterprises engaged in retail trade or service and of other employers engaged in activities affecting commerce, to increase the minimum wage under the act to \$1.25 an hour, and for other purposes, which were ordered to lie on the table and to be printed.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. ROBERTSON:

Address delivered by him at the annual meeting of the Shenandoah Valley Electric Cooperative, Harrisonburg, Va., on August 9, 1960.

By Mr. WILEY:

Statement by him, entitled "Soviets Tear Down United Nations," and an editorial on the same subject, published in the Milwaukee Journal of August 9, 1960.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

Mr. KEATING. Mr. President, I object.

The PRESIDING OFFICER (Mr. PASTORE in the chair). Objection is raised.

Mr. JOHNSON of Texas. Will the Senator withhold his objection so I may make an insertion in the RECORD? No Senator desires to talk at this time. All we are doing is wasting time. Will the Senator do me the courtesy of withholding his objection?

Mr. KEATING. I like to extend all the courtesy I can to the majority leader. I have been requested to object, and I shall have to insist on continuance of the quorum call, but I shall be glad to check to see whether objection is insisted upon.

Mr. JOHNSON of Texas. I wish the Senator would check with whatever higher authority there may be, because I would like to make some brief state-

ments for the RECORD, and this is the morning hour.

Mr. KEATING. I have no personal objection.

The PRESIDING OFFICER. The clerk will resume the call of the roll.

The call of the roll was resumed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

FROZEN DEFENSE FUNDS

Mr. JOHNSON of Texas. Mr. President, yesterday the President took issue with my statement that \$621,302,000 of Defense funds had been frozen.

I do not want to argue with the President, and I certainly do not intend to question his motives or his good intentions. However, there does appear to be some confusion about the extent to which Department of Defense funds have been impounded. Therefore, I would like to outline the basic facts, since I think they speak for themselves.

On June 9, 1960, the Office of the Secretary of Defense issued a memorandum to the Secretaries of the Army, Navy, and Air Force which stated:

If the Congress makes available more funds for fiscal year 1961 than are requested, and where the law does not require expenditure, agencies should reserve the increases and carry them forward to the maximum practical extent to fiscal year 1962.

In acting on the Department of Defense appropriation bill for 1961, the Congress made increases of over \$1½ billion and also made various program reductions of about \$1.1 billion. Incidentally, those figures were exactly reversed in the President's press conference yesterday, I am sure by oversight. This resulted in a net increase in appropriations of \$661,608,000.

When the 1961 budget was submitted to the Congress on January 13, the Department of Defense issued its first financial plan for fiscal year 1961. This plan showed that all the funds expected to be available in fiscal year 1961 would be used.

On July 7, after the appropriations had been made for fiscal year 1961, the Department of Defense issued a revised financial plan. This revised plan, apparently carrying out the instructions contained in the Secretary of Defense's memorandum of June 9, called for freezing \$1,097,633,000 of the funds made available for fiscal year 1961.

On July 28, I wrote a letter to the Secretary of Defense asking him to tell us whether it was still administration policy to freeze the additional funds provided by the Congress, or whether these funds would now be used. On August 2, I sent the Secretary of Defense another letter asking him to give us his specific recommendations as to any additional amounts which could be used effectively during fiscal year 1961 for the programs essential to a strengthened national defense.

On August 9, Secretary Gates replied to my letter of July 28. His reply revealed

that there had been a partial thaw in the funds that had been frozen on July 7. Whereas, \$1,097,633,000 had been frozen on July 7, the amount frozen was now \$621,302,000.

Apparently the \$476,331,000 that has now been unfrozen will be used to carry out the measures to strengthen our defenses, which the President outlined in his message to the Congress on Monday. While it is disappointing to find that the \$621,302,000 is still frozen today, I believe the Congress can take some satisfaction from the fact that its foresight in providing additional funds has resulted in moving forward a strengthened defense effort.

On Monday, when I received Secretary Gates' reply to my letter of July 28, I put it in the CONGRESSIONAL RECORD so that it would be available to everyone. Apparently some of the press had difficulty understanding the complicated financial tables that were part of this reply. I understand that a lengthy press conference was held at the Pentagon Monday afternoon to explain the meaning of Secretary Gates' letter to me. I would like to quote brief extracts from three stories printed the next day on the basis of this Pentagon briefing.

The Washington Post story was filed by the Associated Press under the headline "Unspent Defense Funds Explained by Pentagon." The very first paragraph read as follows:

Defense Department officials confirmed yesterday Senate Democratic Leader LYNDON B. JOHNSON's estimate that \$621 million Congress voted for defense still is frozen and unused.

The New York Times covered this matter as follows:

The cost of increased defense measures announced by President Eisenhower yesterday will be \$476,331,000, officials said today.

The administration will continue to hold an unallocated \$621,302,000, including funds that Congress appropriated over the President's remonstrations in the \$40 billion defense bill, Pentagon officials explained.

The Wall Street Journal reported as follows:

Even though Mr. Gates said the administration does not at present plan to spend \$621 million of available appropriations, the data he submitted indicated only about \$551 million is included in the gross increases voted by Congress in this year's defense budget. Capitol Hill defense experts were unable immediately to pinpoint the source of all of the other \$70 million in unspent appropriations. Part of this amount consists of \$16.9 million, not included in the gross budget increase, for construction of Reserve and National Guard buildings which the administration does not plan to spend. There was no indication, however, where other unspent funds came from.

At his press conference yesterday the President indicated that he did not know that \$621 million of defense funds had been frozen. He stated that the matter had not been put before him in those terms.

If the President says that he was not informed that these funds were frozen, I accept his statement. Nevertheless, there can be no question about the fact that these funds have been frozen and are frozen right now.

Mr. President, I ask unanimous consent to place in the CONGRESSIONAL RECORD a copy of my letter of August 2 to the Secretary of Defense, which has not yet been answered.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Texas. If I may, I should like to have consent to have the letter included in the RECORD. I shall conclude in a moment, and then I shall be glad to yield.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection to the request of the Senator from Texas?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
OFFICE OF THE DEMOCRATIC LEADER,
Washington, D.C., August 2, 1960.

HON. THOMAS S. GATES, JR.,
The Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: During the forthcoming session of the Congress, consideration will be given to the need for additional funds for the programs essential to a strengthened national defense.

This consideration will cover such programs as Army modernization, Navy modernization, airborne alert, acceleration of ballistic missile programs, acceleration of military satellites, airlift, antisubmarine warfare, augmentation of manned bomber capabilities, augmented troop strengths, expanded research and development, and other high priority programs.

I should appreciate your advising me now whether such additional funds would be used, in the event that the Congress, in discharging its constitutional responsibility of providing for the national defense, should decide to make additional funds available.

If so, I should also appreciate your specific recommendations as to the amounts that can be used effectively during fiscal year 1961, what could be accomplished with such funds, and which programs the Department of Defense believes should be augmented or accelerated in order to assure that America's future military strength will be unquestionably second to none.

Sincerely,

LYNDON B. JOHNSON.

Mr. JOHNSON of Texas. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point copies of the three newspaper articles from which I quoted, and an excerpt from President Eisenhower's press conference dealing with the question of impounding Defense Department appropriations.

There being no objection, the articles and excerpt were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 10, 1960]
UNSPENT DEFENSE FUNDS EXPLAINED BY
PENTAGON

Defense Department officials confirmed yesterday Senate Democratic Leader LYNDON B. JOHNSON's estimate that \$621 million Congress voted for defense still is frozen and unused.

Still, they said, it may be necessary to ask the next Congress and the new administration for more money to meet record peacetime military spending, estimated this year to reach at least \$41.5 billion.

The reason for not using the \$621,302,000 Congress made available in addition to administration requests, is that it was earmarked for specific items. Pentagon budget

officials told newsmen. And, they said, the administration is not ready to spend money on these items.

Johnson questioned what the administration would do with additional funds since it had impounded this \$621 million, or what additional funds would be spent if Congress voted them.

He made his statements in the light of President Eisenhower's message to Congress Monday, calling for new military preparedness actions.

The Defense Department estimated these moves would cost nearly \$500 million more.

This year's defense spending is expected to be at least \$41.5 billion, a peacetime record, officials said, and there are still unestimated expenses involved in toning up military strength.

The defense outlay for the current fiscal year is higher than the actual spending in any 12 months since World War II except for the final year of the Korean conflict, when \$43.7 billion was spent.

If more than the appropriated money is needed, Pentagon spokesmen explained, it will be to pay for such "readiness" preparations as keeping a minimum of three attack aircraft carriers in the Mediterranean and Western Pacific areas.

Here's what the Defense Department intends to do with funds appropriated so far.

Spend all of the \$105,440,000 to hold the Army Reserve and National Guard at strengths of 300,000 and 400,000.

Use more than \$65 million of the \$158 million Congress approved to modernize the Army. Substantial funds will go for more M-60 tanks.

The Air Force will use more than half of the additional money voted for development of the B-70 long-range, supersonic strategic bomber. This added money, about \$100 million, will not produce a finished weapons system, but will develop two prototypes already started.

The Defense Department will use \$50 million of the \$83.8 million added by Congress to speed the Samos spy satellite program.

The Navy will start five additional Polaris missile-launching submarines and order nuclear reactors and advance equipment for five more. This will absorb all but a little over \$69 million of the Polaris system money voted by Congress.

It will hold back over \$110 million Congress voted to start three additional nuclear attack submarines. The Navy will start only one this year.

The Air Force will use all of the \$194 million added by Congress for increased airlifts. And it will use all of the \$82.9 million additional for increasing the airborne alert capability of the Strategic Air Command.

[From the New York Times, Aug. 10, 1960]

WASHINGTON, August 10.—The cost of increased defense measures announced by President Eisenhower yesterday will be \$476,331,000, officials said today.

The administration will continue to hold an unallocated \$621,302,000, including funds that Congress appropriated over the President's remonstrations in the \$40 billion defense bill, Pentagon officials explained.

They indicated that the President would not request more appropriations to meet the increased Soviet "truculence" he cited in his message to Congress.

Previously he had said that if he needed more money he would let Congress know.

Senator LYNDON B. JOHNSON of Texas, the majority leader, denounced the new spending plan on the Senate floor.

FOR BOLSTERING FLEETS

The President's move would not have been possible without money that the Democratic-controlled Congress voted, he charged.

The President, in his message, cited his strengthening of the 6th and 7th Fleets, plans to build five instead of three more Polaris missile submarines, more spending for Army modernization and strategic bombing readiness, and increased investments to develop a B-70 high-altitude bomber and a Samos reconnaissance satellite.

The fiscal consequences of the latest defense plans were explained by Pentagon budget officials at a news conference after Defense Secretary Thomas S. Gates, Jr., had made public Johnson's request for the information.

The immediate impact will be that the Defense Department will spend \$150 million more in the current fiscal year than it planned when the 12-month period began last July 1, the official said.

This would account for a rise of less than half of 1 percent in the total previous spending forecast of \$41,185 million. An additional \$200 million may be spent on civilian pay increases ordered by Congress over the President's veto, the officials estimated.

Although they would contribute to the continued record peacetime spending, the additional sums contrast with proposals by Senator JOHN F. KENNEDY, of Massachusetts, the Democratic Presidential candidate, and some Republicans who support Governor Rockefeller's views for military increases up to \$3 billion.

However, it was indicated that neither the Democrats nor the Republicans would act to increase defense appropriations at this session of Congress.

Senator JOHNSON, after having received his reply on the Pentagon's budget plans, complained that he had received no reply to his demands for specific "shopping lists," nor to a second letter in which he had asked suggestions on what further military appropriations might be welcomed at the White House.

"In view of the fact that the administration has decided to impound \$621,302,000 of the funds already provided by Congress, it's obvious what its policy would be with regard to any additional funds," he commented.

Whether the Democrats will initiate defense appropriations must await the answer to his second letter to Secretary Gates, he observed. Mr. JOHNSON is the Democratic Vice-Presidential nominee.

At the Pentagon it was said that the letter probably would be sent within a day or two. But it was made clear at the budget briefing that it would take about 2 months to complete studies for the President.

In the meantime, the officials noted, they would be working on the defense budget for the 1962 fiscal year. Thus, with Congress no longer in session this fall, it was said, only a "crisis" action in which the President called Congress into special session would provide the opportunity for increased appropriations.

Pentagon officials provided an item-by-item analysis of the military budget figures that have become political issues in recent weeks. The President originally requested \$39,335 million last January. In April, he announced a series of planning changes that brought the total down \$119 million. In July, after other changes, the total came to \$39,335 million.

But Congress appropriated \$39,996,608,000, a net of \$662,108,000 more than the President had sought. While increasing some programs by \$1,900 million, Congress cut others requested by the President by \$1,240 million.

[From the Wall Street Journal, Aug. 10, 1960]

WASHINGTON.—Congressional Democratic leaders tentatively have decided not to try

for a big increase in defense appropriations during this short session of Congress.

It was learned that Massachusetts Senator KENNEDY and Senate Majority Leader JOHNSON of Texas, the Democratic presidential and vice-presidential nominees, made this decision, subject to change, following disclosure by Defense Secretary Gates that the administration does not currently plan to spend \$621 million in defense money appropriated by Congress during its regular session. Senator JOHNSON had requested the Gates statement. The administration isn't obliged to spend money appropriated by Congress.

Mr. JOHNSON, while refusing to specifically proclaim that no attempt would be made to vote additional defense funds in the pre-election session, nevertheless made clear he believes the approval of higher appropriations would be a waste of time. "In view of the fact that the administration has decided to impound \$621,302,000 of funds already provided by the Congress, it's obvious what its policy would be with regard to any additional funds," the Senate leader asserted.

DEMOCRATIC TACTICS

The defense spending plans submitted to Mr. JOHNSON by Mr. Gates referred to the \$621 million as "money available for future requirements," but Senator JOHNSON called this "Pentagon gobbledygook for the simple word 'impounded.'"

It appeared likely that Senators KENNEDY and JOHNSON would use the Gates disclosure in two ways:

They will contend that, because the administration would put the money in cold storage anyway, Mr. KENNEDY is therefore freed from his prenomination promise to add \$2 to \$3 billion to the defense budget.

And, they can claim that the impounded money stands as evidence of the Republican administration's apathy in the defense field.

Actually, the amount of the Pentagon's unspent congressional appropriations was much higher only a few weeks ago. A July 7 chart submitted by Mr. Gates to Senator JOHNSON showed \$1.1 billion in aggregate unspent congressional appropriations. Thus, between July 7 and yesterday, the administration decided to spend some \$500 million of the impounded money.

INCREASE APPROVED

Congress appropriated a net increase, which takes into account certain reductions in administration-requested programs, of \$750 million over President Eisenhower's final defense budget for the current fiscal year that began July 1. But the data submitted by Secretary Gates calculated the gross increase in defense funds, not counting offsetting reductions, at about \$1.1 billion over the final budget after supplemental requests. This gross increase, which does not include military construction funds, makes up all but a small portion of the aggregate \$1.1 billion of the unspent appropriations the Pentagon had available on July 7. The President's defense budget requested \$39.2 billion for the current fiscal year, not counting cash for military construction.

Although Senators KENNEDY and JOHNSON are believed to have decided against an attempt to substantially increase defense appropriations on their own, they probably would go along with any request by Mr. Eisenhower for increased spending. The President, in his session-opening message to Congress Monday, hinted he might request a modest rise in funds. It is understood that Vice President NIXON, the Republican nominee for President, is in favor of such a boost in spending.

Even though Mr. Gates said the administration does not at present plan to spend \$621 million of available appropriations, the data he submitted indicated only about \$551

million is included in the gross increases voted by Congress in this year's defense budget. Capitol Hill defense experts were unable immediately to pinpoint the source of all of the other \$70 million in unspent appropriations. Part of this amount consists of \$16.9 million, not included in the gross budget increase, for construction of Reserve and National Guard buildings which the administration does not plan to spend. There was no indication, however, where other unspent funds came from.

Mr. Gates spelled out to Senator JOHNSON how the extra money voted by Congress earlier this year will be spent.

B-70 BOMBER

About \$100 million of \$184 million added by Congress for development of the proposed B-70 long-range supersonic bomber will be spent; the President had asked only \$85 million for the plane, for which North American Aviation, Inc., is prime contractor.

The Pentagon does not now plan to spend another \$100 million approved by Congress for Air Force use either in B-70 development or for development of a fighter aircraft. The fighter interceptor presumably would be the F-106 produced by Convair division of General Dynamics Corp.

SATELLITES

The Pentagon plans to spend \$50 million of \$83.8 million added by Congress for development of the Samos earth-girdling spy satellite. But Mr. Gates indicated this money "will be utilized to provide an alternative approach to certain political phases" of satellite development. This would bring total Air Force satellite spending for the fiscal year to \$427 million. The final version of the congressional defense appropriations bill provided that the \$83.8 million could be used for development of the Midas and Discoverer satellites and the long-range Minuteman missile as well as the Samos. Boeing Airplane Co. is prime contractor for the Minuteman; Lockheed Aircraft Corp. is developing all three satellites.

POLARIS SUBMARINE

The Pentagon will spend \$312 million of the \$382 million added by Congress to Mr. Eisenhower's request for Polaris missiles and Polaris-firing submarines. Mr. Gates indicated the administration will not need additional funds in developing a longer range Polaris missile—a project disclosed in the President's Monday message to Congress. The present 1,200-mile Polaris is produced by Lockheed and the submarine by Electric Boat division of General Dynamics, Newport News Shipbuilding & Dry Dock Co., and Navy shipyard.

NUCLEAR SUBMARINES

None of the \$161 million added by Congress for construction of three additional nuclear-powered attack submarines will be spent by the administration. Mr. Eisenhower had asked for only enough money to build one additional nuclear sub.

AIRLIFT

An unspecified amount will be spent out of the \$200 million added by Congress to the \$120.4 million asked by the administration to buy troop transport and cargo planes. The additional money is earmarked for development of a new turboprop transport plane—either the C-130E designed by Lockheed or the CL-44 under development by Canadair division of General Dynamics.

ARMY MODERNIZATION

The Pentagon plans to spend about \$28 million out of \$158 million added by Congress for Army modernization to the nearly \$1 billion asked by Mr. Eisenhower. Mr. Gates indicated the additional money would be used to speed production of a new Army tank.

VERBATIM EXCERPT FROM PRESIDENT EISENHOWER'S PRESS CONFERENCE AUGUST 10, 1960

JACK BELL (AP). Mr. President, both party platforms promised, pledged an acceleration in defense and despite the steps you have taken in the last few days and those you have outlined, Senator LYNDON JOHNSON says that you still do not intend to spend \$621 million of the money Congress has made available. Could you tell us why you decided against spending that money?

THE PRESIDENT. Well, can you tell me how you decided that his statement was correct?

JACK BELL. Sir, I didn't say that his statement was correct. I just said that Senator JOHNSON—

THE PRESIDENT. You asked me why I decided. Well, let's don't go that far.

JACK BELL. All right. If you—

THE PRESIDENT. I know of no reason for anyone to say that I have decided not to spend this money. But I'll tell you this—when you make changes in programs that remove from the budget some one and three-quarters billions of money and put back into it about \$1.1 billion for other purposes, now there's a lot of study and tedious allocation and priorities to be settled and it's not done in a few weeks. It's a very difficult thing. And to say that this money has been frozen is—the proposition hasn't even been put before me in those terms at all, whatsoever.

Mr. JOHNSON of Texas. Mr. President, I have concluded my statement, and I yield to my delightful friend from Connecticut.

Mr. BUSH. Mr. President, I should like to ask the Senator from Texas a question. The President has said that he knows of no freezing order so far as he is concerned. What the Senator has read and said indicates to me that the total amount has not yet been committed. If the Senator wishes to call the funds "frozen" while the plans are in the making for the final commitment of the funds, I suppose the Senator is entitled to do so. But the entire record that the Senator has read strongly suggests to me that there is no intent to evade the purposes of Congress, and that in due course the money will be committed. That is what I understand the statement to mean.

Mr. JOHNSON of Texas. I appreciate obtaining the reaction of the Senator from Connecticut.

Mr. BUSH. Does not the Senator think that what I have said is a reasonable interpretation of the President's message?

Mr. JOHNSON of Texas. Not at all, for this reason. Obviously the Senator did not hear, or perhaps did not understand, all the statement I made.

First, so far as I know, the President has made no reference, as did the Senator from Connecticut, to the order suggesting that the agencies reserve all increases made by the Congress. I do not know that the President mentioned that at all. He merely said yesterday, as I understood it, that he did not know whether the statement was correct, and that it had never been put to him in this way.

On June 9, the Secretary of Defense issued a memorandum to all Secretaries, instructing them not to spend any funds appropriated by the Congress over the budget request, but to reserve the in-

creases and carry them over to fiscal year 1962. We might call it impounding, freezing, or anything else we wish to call it, but the effect is the same—the funds are not to be programed, obligated, spent, or otherwise used during fiscal year 1961.

Mr. BUSH. But they already did commit some of the funds.

Mr. JOHNSON of Texas. Oh, yes. The Secretary of Defense has changed the Department of Defense financial plan since then. That is the point I make. I would like to reread the order:

If the Congress makes available more funds for fiscal year 1961 than are requested, and where the law does not require expenditure, agencies should reserve the increases and carry them forward to the maximum practical extent to fiscal year 1962.

On July 7, the Department of Defense financial plan called for reserving approximately \$1.1 billion. The developments between the time the order was issued on June 9, and the time of the President's message, obviously dictated that approximately \$476 million be unfrozen, as I have stated in my statement, and the President's message supports the statement.

The Department of Defense issued a new financial plan on August 9. This changed the amount that was reserved, unallocated, frozen, or withheld from \$1,097 million to \$621 million.

Mr. BUSH. Exactly.

Mr. JOHNSON of Texas. The \$476 million that has been unfrozen will be used, I assume, to carry out the purposes stated in the President's message.

I hope that Secretary Gates will tell us how much of the \$621 million, if any, he is going to use during fiscal year 1961. His present financial plan shows that he will use none of the \$621 million during the current year. When he made his budget, his original plan showed he would use fully the entire \$40.5 billion in new appropriations plus other funds available during fiscal year 1961. Then Congress increased the amount appropriated, and he issued instructions not to use the increases. He withheld \$1.1 billion, which was to be carried over unused into fiscal year 1962, until Congress got back in session. Then he released or unfroze \$476 million of the amount previously reserved. Some of these funds are still frozen, however, as the Department of Defense officials confirmed yesterday—and I quote from the Associated Press account of the briefing given by Department of Defense budget officials:

Defense Department officials confirmed yesterday Senate Democratic Leader LYNDON B. JOHNSON's estimate that \$621 million Congress voted for defense still is frozen and unused.

Mr. BUSH. May I ask the Senator this question: The Senator is a member of the Armed Services Committee, and recalls the Defense Reorganization Act of 1958. One of the provisions of that act, as I recall, was to give the Secretary of Defense a greater latitude in the use of funds committed to him by Congress, so that he is not compelled immediately

to rush in and spend all the money that is given to him or commit it all, but he is actually privileged under that act, as I recall, to switch funds from one purpose to another if he thinks the national defense requires it. Is that not so?

Mr. JOHNSON of Texas. Yes, and under our terms—

Mr. BUSH. Is that not so?

Mr. JOHNSON of Texas. Yes, within the limits established by the Appropriations Acts.

Mr. BUSH. The intent of Congress as expressed in that bill was very important, it seems to me. I observe also the very important point the Senator is making, that the Secretary of Defense has been acting within the power given to him under the Defense Reorganization Act of 1958. Am I wrong in so observing?

Mr. JOHNSON of Texas. No; and he could be acting under the authority given in the Appropriation Act itself to transfer funds from one purpose to another. The only point I make is that the President was not informed of the fact that \$621 million of fiscal year 1961 funds are frozen, although the officials of the Defense Department had said the day before it was. The Defense Department issued an order that it be frozen, and I believe the country ought to know that.

What we are trying to ascertain is whether it is going to continue to be frozen or whether it will be released, and if it is released, when it will be released and for what purpose.

Mr. BUSH. It is not terribly surprising to me that the President would not know that there had been some delay in committing all that money. I do not think he has to be advised from day to day. He has confidence in the Secretary of Defense and the Joint Chiefs of Staff, whom he appointed. It seems to me the record of the past 7 or 8 years justifies our having confidence in the President in matters of this kind.

Mr. JOHNSON of Texas. I am not making any criticism of the President for his lack of information.

Mr. BUSH. The Senator seems to be slightly suggesting that he is out of order by not knowing.

Mr. JOHNSON of Texas. Not at all. I merely make the point that he does not seem to know, and that my statement which was questioned yesterday, was and is correct. Obviously the Senator has not read the President's statement in that connection.

Mr. BUSH. I was interested in all the quotations from it, and I am making my comments largely on that basis.

Mr. JOHNSON of Texas. I am placing in the RECORD the President's statement in response to Mr. Bell.

Mr. BUSH. I read what the President said in his press conference.

Mr. JOHNSON of Texas. He said that—

Mr. BUSH. He said that he was not aware of any freezing order, and so forth.

Mr. JOHNSON of Texas. No, I do not think he referred to the order at all. I suspect that he is aware of the order, since the Department of Defense memorandum of June 9 refers to a Cabinet

meeting as the original source. Therefore, I assume he must have had something to do with the order or it would not have been issued. What the Department of Defense did was to lay out a plan in January for using all the funds available during fiscal year 1961. It came before the Congress and got its appropriation. Congress increased that appropriation by \$1¾ billion, and made various program reductions of about \$1.1 billion. The result was a net increase of \$661 million.

Mr. BUSH. It is about 1½ percent of the \$40 billion appropriated in the bill.

Mr. JOHNSON of Texas. I am not going into percentages.

Mr. BUSH. I should like to point out that it is a relatively small percentage.

Mr. JOHNSON of Texas. The January budget request involved a total of \$40.5 billion, of which \$39.3 billion was covered by the Department of Defense appropriation bill. Following the action of Congress adding in \$661 million to the amount, and increasing the amount appropriated to \$40 billion, the proper authorities in the Defense Department issued a revised financial plan based upon this appropriation bill and the military construction appropriation bill. This revised financial plan, which was issued on July 7, apparently was designed to carry out the instructions of the order to reserve the increases made by the Congress and to carry them over, unused, into fiscal year 1962. It was said, "We are going to reserve \$1,097 million of it." That was on July 7.

On July 28 we wrote the Department and asked whether it was to continue under the order, to freeze the additional amounts provided by the Congress, or whether these funds would now be used. Secretary Gates' reply showed that \$476 million had been unfrozen. I do not say it was improperly released; I do not say that with a bad connotation at all. I merely say it was a fact.

Mr. BUSH. What did the Department say? It said that already \$500 million had been committed, did it not?

Mr. JOHNSON of Texas. We received a lengthy reply which was very confusing, and which dodged the specific question altogether of whether the guidance issued on June 9 had since been rescinded or repudiated. But a study of all the statistical data submitted showed that the Department was releasing \$476 million, and that the new plan was still to keep frozen \$621 million. The \$476 million was released apparently for the purposes stated in the President's message.

We asked the Secretary of Defense on August 2 to give us his specific recommendations as to any additional amounts which could be effectively used during 1961 for the programs essential to a strengthened national defense.

The letter is still unanswered. It has been made available to Congress. When the reply is received, it will be put in the Record, as has the letter.

The only point I wish to make is that Congress has appropriated a total of approximately \$41 billion. The original Department of Defense financial plan contemplated that there would be no funds reserved or frozen during fiscal

year 1961 and carried over into fiscal year 1962. The first revised plan contemplated reserving \$1.1 billion of the funds available. The second revised plan reserves and impounds \$621 million. That is the statement I have made. That is the fact. That fact is confirmed.

Mr. BUSH. I get a good deal of comfort out of the Senator's analysis. It shows that in the Defense Department they are using some flexibility, the kind of flexibility we intended them to have under the Defense Reorganization Act of 1958. I think it is very reassuring to know that. I am glad the Senator has brought up this point.

Mr. JOHNSON of Texas. If the Senator gets comfort out of it, I am pleased. I merely wish to have the Record show the facts; that is all.

Mr. BUSH. Certainly no Senator could be more solicitous of the national safety than my respected friend from Texas, the majority leader. I heartily respect his interest in that field. However, I hope that in his comments this morning he is not suggesting that we make a plan without regard to changing times. I would also like to say that I get some comfort from the fact that we have in reserve, for allocation as situations develop, as much as \$600 million, out of a total budget of \$40 billion in the Defense Department.

I recall very well the debate in committee on the Defense Reorganization Act of 1958. We had a great deal of testimony on it. One of the two or three important points which emerged from the testimony was the lack of flexibility in the Defense Department in connection with the disposition of funds.

Therefore, I believe the Senator from Texas has done us a service in pointing out that the Defense Department is using wisely—I hope wisely—the authority Congress gave it in the Defense Reorganization Act.

Mr. JOHNSON of Texas. I have no final disagreement with the Senator. I appreciate his comments. I should like to observe, however, that the amount being reserved, or impounded, or frozen, or withheld—whatever word we wish to use—is approximately the amount Congress placed in the bill in excess of the budget estimate. It seems to comply with the order issued on June 9 to carry the congressional increases forward to 1962.

Mr. BUSH. That is an interesting coincidence.

Mr. JOHNSON of Texas. The only point I wish to make is that this is being done. That is what I want the people to know. Up until a few days ago, \$1.1 billion was being reserved. However, \$476 million was released, the President said, because of developments. The \$621 million is still being withheld. It may very well be that it will be unfrozen down the road. However, that is roughly the net amount Congress, in its wisdom, put in the Department of Defense appropriation bill in excess of the budget requests.

Mr. BUSH. That is an interesting coincidence that the Senator points out.

Mr. DIRKSEN. Mr. President, the Senator from Connecticut is absolutely correct. What is forgotten and what did

not receive emphasis in the colloquy this morning are two words that put things in an entirely different light. The message from the Defense Department said that they should defer the 1962 reserve to the maximum practical extent. That is where the emphasis belongs. When the message came up to Congress, what did the President talk about? Further modernization, increased emphasis on Polaris, the addition of two carriers to the fleet, getting out some additional B-47's.

This is a constantly fluid situation. There is nothing static about it. There cannot be. When we talk about "freezing" funds, we are using an entirely mistaken erroneous word in its application here, because if the Defense Department does not husband some funds, as they assess the fevers and the needs everywhere in the world, they could almost be charged with some kind of dereliction of duty in that they did not take account of the situations that arise.

From time to time we have had emphasis placed over and over again on the fact that we must be ready for some quick development, some brush fire, some marginal conflict. In addition thereto, we must be constantly alert to the fact that we continue with our modernization and our weapons systems. I thought the President laid that point out pretty well in his message to Congress. We can never stay in a static situation. So, when they said, "You defer to the maximum practical extent," that means one thing today, but an entirely different thing tomorrow, depending entirely upon developments. That is where the emphasis should be placed.

I fully concur in the sentiments expressed by the distinguished Senator from Connecticut that the Defense Department is alert under the Defense Reorganization Act to the needs and the new integrations and the new weapons systems—all the things that are conducive to a powerful defense.

Mr. JOHNSON of Texas. I have no disagreement with what the Senator has said, except that I should like to have the Record show that if they now have \$621 million in reserve, presently unallocated, no such reserve was contemplated or requested in the plans originally submitted to the Congress. Therefore, if they have \$621 million to draw upon, that is because the Congress, in its wisdom, supplied approximately that amount in excess of the budget request, and presumably that is being withheld in accordance with the order.

Mr. DIRKSEN. It must be remembered always that when we talk about using funds, we do not go to a five and dime store to buy national defense. The word "use" was employed this morning in the colloquy. It implies the planning that is necessary for preserving a balanced defense, and a decision as to how much goes here and how much goes there, and how much goes in another place. Funds are not used overnight. We have had lengthy discussions about leadtime, and lag. Those are things that occur in procurement.

If \$476 million has already been earmarked, well and good. Certainly they

are alert to the situation that obtains in the world. With respect to the other funds, if the cold war continues, if it gets a little hotter, or the fog gets a little thicker, perhaps there will be more thawing, or if the cold war gets a little colder, maybe there will be a little more unthawing. Therefore, if we are going to deal in thermostatic values—freeze, unfreeze, thaw, unthaw, cold war, hot war—let us use the same dynamic terminology with respect to the employment of these funds.

Mr. JOHNSON of Texas. I should like to make an observation. I am fearful that my delightful friend does not understand this picture at all. Admittedly, there is—

Mr. DIRKSEN. I do not know whether that was a compliment or not.

Mr. JOHNSON of Texas. I think it is a compliment. I hope the Senator will follow me in what I am about to say. I think he will understand the picture then.

Entirely separate from the \$621 million that has been placed in reserve and is planned to be carried over into fiscal year 1962 the Department of Defense has apportioned almost a billion dollars, but has been told that the Department is not to use it. If the Senator will permit, I should like to place in the RECORD a brief paragraph about that.

Mr. DIRKSEN. Is that what they said?

Mr. JOHNSON of Texas. Yes, if you know how to interpret the Department of Defense reply.

Mr. DIRKSEN. That the Department should not use it?

Mr. JOHNSON of Texas. Yes.

Mr. DIRKSEN. I want to see that language.

Mr. JOHNSON of Texas. All right.

Admittedly, some time may be needed to make specific program decisions. However, this is not a justification for the \$621,302,000 which is now frozen and is not planned to be used during fiscal year 1961. Rather, this is the reason the Pentagon gives for the fact that \$978,749,000 has been apportioned to the military departments, but cannot be used by them now since the items involved are undergoing further review. In other words, the Department of Defense has completely frozen \$621,302,000. In addition, \$978,749,000 for various unspecified programs has, in effect, been placed in escrow and the military services cannot proceed to place contracts until the individual items are specifically released, after completion of current reviews, presumably by the Secretary of Defense and Bureau of the Budget.

I make no criticism of that. I am simply trying to inform the Senator. That is a billion dollars that I have not previously talked about at all. That has been allocated to them. But they were told, "You cannot use it because the program or item in question is undergoing further review as to the wisdom of it." I do not question the wisdom of that order. I am trying to be informative. That involves \$978,749,000. However, the explanation of why all the Defense Department funds are not released for use immediately pertains to this amount,

and has no relevance to the \$621 million which under current Defense Department plans, is not expected to be used during fiscal year 1961.

I asked the Secretary, in my letter of July 28, for a statistical summary of the amounts available for apportionment and the amounts apportioned to date. I also requested that an explanation be given of all amounts placed in reserve or not fully released for obligation or commitment. In reply, here is what the Secretary's letter said:

With respect to the funds not yet apportioned and the items "apportioned but undergoing review," I am sure you appreciate that not all service programs are ready to go forward at the time the bill is enacted into law. For many reasons—technical difficulties, changes in concepts, lack of definitive plans—additional time is frequently required in order to assure the development of valid programs. As a matter of good business practice, we must assure that the requirement is still valid in the light of present circumstances, and that all significant aspects of the program have been properly worked out before the funds are released.

That pertains to the question of the Senator from Illinois concerning the explanation of the amounts placed in reserve or not to be released for obligations or commitments. That is the total of \$978,749,000. These amounts have been apportioned, but are being held for further review until, as they say, the individual programs can be given further consideration. That is not the item I am talking about. I am talking about the \$621 million which, apparently, is being carried over for another year without any current plan for it to be used during fiscal year 1961.

I hope the Secretary of Defense will reply that it will be carried over or that it is not to be carried over, or at least will tell us what the plans are. His original plan called for the full use for approved programs of every dollar in the budget. The second plan called for reserving \$1.1 billion. His third plan called for reserving \$621 million. We are simply trying to ascertain what his present plan is.

Mr. DIRKSEN. Why not read the language?

Mr. JOHNSON of Texas. I have read it.

Mr. GORE. Mr. President, I demand the regular order.

Mr. DIRKSEN. I will abide by the regular order. I am only too glad to conclude.

Mr. JOHNSON of Texas. I have read the exact paragraph in the Secretary's letter which is pertinent.

Mr. DIRKSEN. I read the words about deferring the reserve to the practical maximum extent. I will follow this up in a further discussion, later. I yield the floor.

SEVENTY-ONE-YEAR-OLD COUPLE ON SOCIAL SECURITY CAN AFFORD NOTHING FOR MEDICAL CARE

Mr. PROXMIER. Mr. President, every day, without exception, since May 18 while the U.S. Senate has been in session I have called the attention of

my Senate colleagues to the need of America's elderly for a Federal program of health insurance.

I did this by speaking out on the Senate floor in a brief speech and then inserting into the CONGRESSIONAL RECORD—so all the Senators could read them—letters from Wisconsin people telling on the basis of their own experience why they wanted the U.S. Senate to act to provide a program of health insurance for the aged.

I have another such letter today, Mr. President, from two of Wisconsin's elder citizens, which tells, plainer than any statistics can, how they cannot possibly afford medical care with their present social security payments. I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the letter was ordered printed in the RECORD, as follows:

DEAR SENATOR: My wife and I are both 71 years old. We were farmers and are still living on the farm now. Three years ago, we had to let all our help go because we couldn't afford to pay their wages. We couldn't farm it alone, either, so we went on social security.

We have our taxes, farm insurance, and car insurance to pay. We each have a small insurance policy and a sickness and accident policy, but they don't pay much because we went on them so long ago.

We still drive our 1950 car, but we don't take trips or vacations with it. We just drive to town and back for groceries. We pay out about \$500 a year.

Just take a pen and figure out how much there is left in \$115 a month for our high line, telephone, food and grocery bills. It doesn't even cover the bare necessities. And we are sure you know what hospitals and doctors charge now, let alone druggists. There is positively nothing left for sickness.

If you want to help anyone, the majority of us folks on social security are the ones that need it most.

A DECISIVE FISCAL VICTORY

Mr. WILEY. Mr. President, in my opinion, the discussion this morning is symptomatic to what will follow in the days ahead, until the campaign is over. During the campaign, we will hear much about fiscal policies and a great many other things. What I am interested in is to get the light out to the people. Will the people understand what it is all about? Will they comprehend what the real issues are?

Basically, the arguments focus around the questions: Is money "too tight?" Or is money "too loose," so as to be inflationary? Are we living within our means?

We have just been told that we have a billion dollar surplus. The taxpayers should take great satisfaction in that accomplishment, if they understand what the word "surplus" means.

We recognize, of course, that \$1 billion, in comparison with the national debt, or even with our national expenditures, is not overwhelming. However, the budgetary story needs to be put in perspective. Actually, the surplus represents a great jump from the \$12 billion deficit in 1959 to a \$1 billion surplus in 1960.

Within such a surplus budget, the Nation has been able to move forward on the domestic front and to maintain and strengthen our defense, as well. The proponents of the easy money policy, with its inflationary effects, may not, of course, find this accomplishment too heartening.

Realistically, we recognize that progress cannot be measured in dollars alone. However, the fact that we have been able to move forward on all fronts and, at the same time, to be fiscally responsible, illustrates that it can be done.

I was very much interested to read an article published in the Wall Street Journal yesterday which stated that all the States of the Union have surpluses, starting with New York, whose surplus is almost half a billion dollars, and going down through the other States. So we are living in a time when fiscal responsibility, is at least, coming back into contemplation.

Recently the New York Times published an editorial entitled "A Decisive Fiscal Victory." The editorial commented upon the administration's courageous, realistic efforts to hold down inflation, keep our economy moving ahead, provide for security, and, at the same time, adhere to a program of fiscal responsibility. We have had some discussion this morning about the issue of security. We are living in a changeable and changing world. What are the facts today will not be the facts tomorrow. It is necessary for us to be on our toes so as to be ready for any contingency. That is why it is necessary to set aside some of these funds.

After all, why do we have an executive department? Simply to have it take orders from the legislative branch, or vice versa? Of course not. Under our form of government each branch is separate and distinct in its form of action. So we are going to add to our program of fiscal responsibility.

Mr. President, I ask unanimous consent that the editorial entitled "A Decisive Fiscal Victory," published in the New York Times of July 22, 1960, be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 22, 1960]

A DECISIVE FISCAL VICTORY

The final result of the Federal budget for the year 1960—year ended June 30 last—shows that the Government has not only finished the year in the black but has achieved a surplus of receipts over expenditures of \$1,068 million.

In terms of size alone this surplus is not especially spectacular. As a matter of fact, it is the smallest of three recorded in the past 7 years by the present administration. What makes it impressive is the dramatic reversal that it represents over the Government's fiscal position within the period of a single year. The 1959 budget showed a deficit of \$12.4 billion, the largest in the Nation's entire peacetime history. In moving from that position to a surplus of \$1,068 million the Government has, in short, improved the state of the national account by upward of \$13.4 billion.

This accomplishment is basically the story of President Eisenhower's conviction of the essential soundness of a balanced budget under normal conditions and his determina-

tion once the argument for temporary financing—the recessions of 1957-58—had ceased to obtain that we should move as speedily as possible toward restoring our fiscal affairs to a sound basis. He hammered away at this theme in his budget message of January, 1959, and in the number of other messages he delivered to Congress at that time and thereafter.

It required strong convictions on Mr. Eisenhower's part and a great deal of courage. Many of the newly elected Democratic Members of Congress had come to Washington prepared to introduce newer and bigger spending plans without compensatory taxation. However, once the President had drawn the issues clearly between a balancing of the budget and a continuance of the spending policies, even though the recession had been overcome, public support rallied quickly and emphatically to his side. And it is to the credit of the conservative wing of the Democratic Party that it recognized this fact and joined forces with its Republican colleagues in supporting the proposed return to a sound budget.

Mr. WILEY. Mr. President—
The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. WILEY. Mr. President, I ask unanimous consent that I may speak for 3 additional minutes.

Mr. GORE. Mr. President, I shall not object to this immediate request, but hereafter I shall be on the floor during this session of the Senate to insist on the regular order during the morning hour. There is important business to be transacted at this session; and if we are to have 2 hours of political bantering every day, it will be more difficult to attain our goal. So after today I shall insist on the regular order during the morning hour.

Mr. WILEY. Mr. President, I am very grateful to the Senator from Tennessee. He has always been very courteous. He must admit, though, that it is not very often that I ask for additional time. I thought the issue, in view of the discussion this morning, called for the very comment I am about to bring into the picture. This is what I want to read:

It required strong convictions on Mr. Eisenhower's part and a great deal of courage. Many of the newly elected Democratic Members of Congress had come to Washington prepared to introduce newer and bigger spending plans without compensatory taxation. However, once the President had drawn the issues clearly between a balancing of the budget and a continuance of the spending policies, even though the recession had been overcome, public support rallied quickly and emphatically to his side. And it is to the credit of the conservative wing of the Democratic Party that it recognized this fact and joined forces with its Republican colleagues in supporting the proposed return to a sound budget.

Mr. President, the entire editorial should be studied by all Senators. I trust that if we go ahead and do the things which it is contemplated to do, we also will have the intestinal fortitude to make certain that we will raise the taxes to take care of those problems.

SENATE PROCEDURE AND PROPOSED AMENDMENT OF THE RULES

Mr. CLARK. Mr. President, I wish to commend the Senator from Tennessee

[Mr. GORE] for the statement he made a few minutes ago about enforcing the 3-minute rule. I believe he is entirely correct.

Within the limitations of that rule, I wish to say a few words about the rules of the Senate. In my judgment the session so far has shown rather clearly the need for drastic revisions of the rules of the Senate next January, if we are to accomplish the program of the next President expeditiously and with due consideration.

Next week I intend to submit in the Senate, for appropriate reference to the Committee on Rules and Administration, a resolution proposing changes in the Senate rules. The proposed changes are intended to permit the Senate to expedite its business without unduly limiting debate, and are also intended to comply with the platform plank of the Democratic Party to enable the majority to work its will after appropriate debate.

Those changes in the rules will incorporate a rule of germaneness and a rule which will provide a counterpart to a motion to table by authorizing the moving of the previous question—a provision which was in the Senate rules in the early days of the Republic. The proposed changes of the rules will also permit Senate committees to meet when the Senate is in session, and will permit a majority of a committee to call a meeting at any time and require a vote on a pending measure after due debate, and also will change the present practice—although not well established procedure—with respect to conference committees.

I now give this notice, in the hope that my colleagues will be giving equally careful consideration to necessary changes in the rules.

In conclusion, I point out that, in my judgment, next January we may not be able to legislate by unanimous consent, and that unanimous-consent agreements have been about the only means by which we have been able to accomplish most of what has been accomplished during the first two sessions of the 86th Congress.

HOUSE BILL PLACED ON CALENDAR

On motion of Mr. JOHNSON of Texas, and by unanimous consent, the bill (H.R. 12677) to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of interstate retail enterprises, to increase the minimum wage under the act to \$1.15 an hour, and for other purposes, was read twice by its title and placed on the calendar.

WE CANNOT ADJOURN THE PUBLIC INTEREST

Mr. KEATING. Mr. President, in commenting about this special session, one thought has been repeated over and over again in the press, here on the floor, and in letters which I and many other Members have received. All are agreed on the need for constructive action by the Congress during this session.

The President, in his message to us, expressed this thought better than any one when he said, "We cannot adjourn the public interest."

The New York Times, in an editorial published this morning, solidly backed the President's admonition that we must avoid "politicking" and get down to and stay at the Nation's business. The Times points out, in particular, that in the field of foreign policy, our presidential campaign cannot mean a hiatus from serious work. The Russians are not napping, and would like nothing better than to have Americans lulled to sleep.

This special session need not be a hasty session. There is no justification for trampling upon important legislative proposals in a mad rush to hit the campaign trail. I agree that the Antarctic Treaty ratification and minimum wage legislation and other measures which have been mentioned here are important subjects; but I challenge the contention that these and other topics on the majority leader's select list are the only basic issues confronting the Nation.

It has now been demonstrated that the majority party in this Chamber does not consider the need for new civil rights legislation basic enough even to permit a moment's discussion of a moderate two-point administration bill. There are alarming indications that the same treatment may be accorded to the administration's depressed areas bill, since it has never been included on the select list. And the critical need for judgeship legislation, which most seriously affects those of modest incomes has been brushed aside with the suggestion that this involves patronage problems and can wait until next January.

Mr. President, I hope that we shall take to heart President Eisenhower's plea for more action and less talk in meeting the needs of the American people during this special session. I, for one, agree with the New York Times that we spend too much time politicking now; and I would add that too much time was spent politicking during the first part of this session, which is the reason why this special session was unnecessarily brought about. I certainly would not adjourn this session prematurely just so the whistle-stop trains can start on time.

For myself, I am perfectly willing to remain in Washington well into September or for as long as may be necessary in order to enact the critical measures of such vital importance to the welfare and the future of America that have been delineated in the President's message to us.

Mr. President, I heartily agree with the sentiments expressed by the editors of the Times, and ask unanimous consent that the editorial to which I referred be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 11, 1960]
CONGRESS AND THE COLD WAR

Following up his special message President Eisenhower has again called on Congress to stay on the job until it has enacted the legislative program he has set before it instead of going home to mend political fences in the election campaign. The Nation's business, he declares, is more important than politicking, and that goes, of course, for both parties.

The President's admonition is especially pertinent at this time of an intensified cold war when it is essential for the good of this Nation and the whole free world to demonstrate that our presidential elections do not paralyze our Government, as our enemies hope and our friends fear. Secretary Herter has already warned the Soviets not to bank on such a paralysis, or to misjudge our ability to "move with speed, force and unity" in matters of foreign policy and defense despite the campaign. It is up to Congress not only to back up this warning by passing necessary measures and appropriations dealing with foreign affairs and defense but also to demonstrate like capacities in the domestic field to bolster our economic and spiritual strength.

Certainly, with the whole world watching everything we do or do not do in these critical times, neither our presidential campaign nor the congressional session can be conducted any longer in a vacuum or in national isolation. And if a longer congressional session also helps to shorten the unconscionably long election campaign that is a survival of the covered-wagon era and often leads to reckless partisan pronouncements, it will provide an additional reason for gratitude.

Unfortunately there is little indication thus far that Congress is ready to heed the President's exhortation. On the contrary, it appears to be settling down to politicking of its own and to make its session part of the campaign.

U.S. DEFENSE POSITION

Mr. KEATING. Mr. President, I know that we in the Senate and the American people generally can take great pleasure and pride in the progress of the important U.S. defense programs. The successful firing by the atomic submarine *George Washington*, while fully submerged, of two Polaris missiles was a milestone of weapons development. Hitting targets 1,200 miles away with a remarkable accuracy, the Polaris missiles have blasted a big hole in the arguments of those who think Russia is ahead of the United States in strategic thinking and weapon development.

The success of the Polaris firings, which were carried out on schedule by the Navy's devoted Rear Adm. William F. Raborn, Jr., should make it clear that the present administration has assiduously and successfully been serving the defense needs of our country. By the mid 1960's, the Navy plans to have 45 atomic submarines, carrying a total of 720 Polaris missiles, operating in all the oceans of the world. They will be a constant reminder that the United States is and will continue to be second to none in its military defense.

The progress on the Polaris has also opened the way to gradual shiftover in the whole concept of a nuclear deterrent. Soon we shall not have to rely on overseas bases in countries which are becoming increasingly sensitive to Khrushchev's threats. Our deterrent force will be scattered over the world, invisible to our enemies, yet ready to launch an atomic bombardment at a moment's notice.

Meanwhile, the Army has not been idle, either. Details of a new unmanned spy plane which can report on activities behind enemy lines have been announced. Jet powered, the remote-controlled plane may eventually be able to

fly as far as 200 miles behind enemy lines to record information on sensitive and complex instruments. Although it has been developed principally as a weapon to be used on a battlefield, there are clearly other peacetime functions which it can perform in areas where Communists have relied on guerrilla activities to disrupt the peace and sovereign independence of non-Communist states.

We can congratulate the scientists, technicians, and devoted workers of all sorts who have contributed to the present strength and the future promise of the U.S. Military Establishment. At the same time, we must not forget that the Soviet Union is also making a great effort in this field. There have even been rumors that the Soviets have been experimenting with a brandnew anti-submarine weapon, as well as with undersea missiles of their own. It has, in fact, been suggested that one reason for the piratical Soviet shooting down of our RB-47 over the Barents Sea was that during their flight our fliers might have learned about the Soviet tests.

Let us, then, take pride in the great breakthrough that has been made by the Polaris missile and in the potentialities that the Army's new weapon suggests. But let us not relax in our efforts. The Republican Party has promised this country a defense second to none. The Democratic Party has also indicated that this time it will not neglect the military power that we must have to hold communism in check. Both of these pledges must be meant and taken seriously. Today we are secure from the danger of an open Communist attack. Let us make sure that we are equally safe in the future.

ADDITIONAL B-52'S

Mr. SCHOEPEL. Mr. President, last April I inserted in the CONGRESSIONAL RECORD a complete account of the marvelous feat of a Strategic Air Command crew who flew from Eglin Airbase, Fla., over the North Pole and back to Cape Canaveral, Fla., where missile armament was fired.

This 22-hour nonstop flight and the successful launching of a Hound Dog supersonic missile over the Atlantic range clearly demonstrated my longstanding conviction that the most effective striking power the United States can attain immediately is the B-52G and its successor, the B-52H, with missile armament.

I say longstanding conviction because many of my colleagues will recall that 2 years ago, through my efforts, an extra wing of B-52's, at a cost of \$108 million, was given approval, but, unfortunately, was canceled in conference.

To substantiate further my confidence relative to the B-52, and especially its effectiveness when coupled with the Hound Dog missile, I would like to read in its entirety a brief news release issued by the Department of the Air Force on August 2, 1960:

NEWS RELEASE

An Air Force Hound Dog supersonic air-to-ground guided missile flew about 500 statute

miles last night down the Atlantic Missile Range in one of the most successful tests to date.

The Hound Dog was launched at 10 p.m., e.d.t. from a B-52 flying at high altitude near Cape Canaveral, Fla. Preliminary telemetry data shows the missile impacted in the ocean area with extreme accuracy.

Hound Dog is a 42-foot 6-inch missile being built by North American Aviation to extend the operation range of the B-52 eight-jet bomber by more than 500 miles. Hound Dog can be armed with a nuclear warhead. It is now operational in the Strategic Air Command, and little more than a year from its first successful test firing over the Atlantic Missile Range in April 1959.

Once again I am asking that provision be made for the manufacture of additional B-52's in order that our Nation may be able to maintain an effective airborne alert and also have a substantial reserve of these powerful bombers.

It is common knowledge that the Russians are giving top priority to manned interceptor systems, and this is indicative that the Soviet Government fears our manned bombers more than it does our future ICBM's.

This recent SAC mission of more than 10,800 miles with a successful missile launching is further proof of the capabilities of this particular weapon-equipped bomber.

Just a few days ago I was briefed by the Air Force relative to operations of the Strategic Air Command.

While this information is restricted, it is a matter of record that there are only about 40 B-52's about to be ordered, carrying production into 1962. However, the program will end then if the fiscal 1962 budget does not contain funds for more of them.

If there is any intention of replacing the B-52 with the B-70, it would seem to be that our Nation cannot afford to shut down the only heavy bomber production line in existence until the replacement is assured. Operationally, I am informed, the B-70 is several years away, and until it has been developed and proved, the only intercontinental bomber available with the proven capability of providing a mobile platform for firing missiles is the B-52.

It will be our real deterrent force for years to come; and if fate were to dictate that the B-70 later were to be canceled, the United States would find itself in the position of having no facility in the country actually in production or capable of rapidly moving into production on any long-range bomber-missile platform.

As I have stated many times previously, I would rather have one proven weapon defending our country than all the modern weapons which still are at the drawing board stage.

There has been considerable talk by members of both parties relative to an increase in the amount of money being spent for defense and for an immediate added appropriation.

Should this talk materialize into reality, I am asking that when such funds are made available, a goodly portion of them be set aside for manufacture of the B-52H, which, I might add, is produced in my home city of Wichita, Kans.

Finally, I say if we are to spend more money for defense, let us spend it wisely and sensibly.

THE REPUBLICAN PLATFORM

Mr. FONG. Mr. President, on July 27 this year, the Republican Party meeting in convention in Chicago adopted its platform for building a better America. In my judgment, this is the most forward-looking, humanitarian, yet realistic, platform ever agreed upon by our party. I am proud of the platform and proud of my party for its wisdom and vision.

Because in our times we as a Nation face many complex problems ranging the full spectrum of human endeavor, a platform to be specific necessarily extends for thousands of words. The 1960 Republican platform contains an estimated 11,000 words.

If one were to distill the very essence of the Republican platform, it could be reduced to 99 words. In an effort to be helpful, I offer an abbreviated platform, as follows:

ELEVEN-THOUSAND-WORD REPUBLICAN PLATFORM REDUCED TO NINETY-NINE WORDS

We pledge to:
 Spread freedom throughout the globe; strengthen friendly nations.
 Fight communism at home and abroad.
 Maintain defense forces and space programs second to none.
 Maintain scientific and technological superiority.
 Assure every American his full constitutional rights.
 Meet human needs of the American people beyond their own, or their State's, capacity to meet them.
 Assure every child an education; improve schools.
 Promote economic growth without inflation.
 Assure food and fiber for our people and a fair return to producers.
 Develop and use wisely our natural resources.
 Guard the public interest against special interests.
 Flight red-ink Government and waste.

MOTHER RAPHAEL MCCARTHY CELEBRATES GOLDEN JUBILEE

Mr. MUNDT. Mr. President, an important recognition is taking place in South Dakota today—August 11, 1960—to commemorate 50 years of constructive service by Mother Mary Raphael McCarthy, former superior general of the Presentation Sisters. Mother Raphael entered her profession as a religious worker in 1910 and most of her distinguished service has taken place in South Dakota where she still resides in Aberdeen. Today she is recognized as one of South Dakota's outstanding and renowned citizens. I am happy to consider her as a valued and esteemed personal friend.

The Bishop's Bulletin for August, the official publication of the diocese of Sioux Falls, carries a most interesting and informative review of Mother Raphael's life of constructive service and it is with pleasure that I ask unanimous consent to have printed in the RECORD this inspiring report.

There being no objection, the review was ordered to be printed in the RECORD, as follows:

MOTHER RAPHAEL TO CELEBRATE GOLDEN JUBILEE

The Most Reverend L. A. Hoch, D.D., bishop of Sioux Falls, will offer a Pontifical High Mass at Presentation Sisters Convent, Presentation Heights, Aberdeen, on August 11, 1960, to commemorate the golden jubilee of Mother Mary Raphael, Sister M. Rose, and Sister M. Bernardine.

Mother Mary Raphael McCarthy, former superior general of the Presentation Sisters, has given the greater part of her life to the service of God in the diocese of Sioux Falls. She came to South Dakota in 1907 from Ireland where she had been born and reared in County Cork. Her profession as a religious was made in 1910 and one of her first assignments was to St. Peter School in Jefferson. Serious illness necessitated a period of recuperation and her superiors sent her to Holy Rosary Hospital, Miles City, Mont. Thus was Mother Raphael's introduction to the life of a sister in a hospital.

Recovered from illness, Mother Raphael pursued the studies of a nurse, and took up her duties at St. Luke Hospital in Aberdeen. In 1923 she became superior administrator of St. Joseph Hospital, Mitchell, and in 1927, was transferred to McKennan Hospital, Sioux Falls, to serve as superior administrator of that institution. In 1931 she arranged for the construction of the new chapel at the hospital.

The sisters elected Mother Raphael to be the assistant superior of the community in 1928. Upon the death of Mother Mary Aloysius in 1932, she completed the unexpired term according to the provisions of the constitution of the congregation. She was elected to the office of superior general in 1934 and re-elected in 1940.

GREAT BUILDER

One of the first major problems which confronted the new superior was to find a home for the children from the razed orphanage in Turton. Temporarily Mother Raphael sought refuge for them in Graham Hall at Northern State Teachers College in Aberdeen. Prompt consultation with the bishop and clergy secured subsequent housing at St. Joseph School, Woonsocket, and at the former Columbus College Building in Sioux Falls. Negotiations for the present location were made with the diocese, the government and the city of Sioux Falls and the new abode was named Presentation Children's Home.

Under her direction, schools were opened in Willmar, Anoka and Mound, Minn. Mother was instrumental in encouraging the Presentation Sisters to continue their education and secure their teaching degrees in order that they be well qualified to conduct their assigned classes.

The necessity of additional beds for patients at St. Luke Hospital in Aberdeen was the next challenge Mother Raphael faced. Her keen business sense prompted her to purchase the former Lincoln Hospital and to have this four and one-half story, brick and reinforced concrete structure moved 11 blocks to its present location as Medical Annex. The bed capacity was 85.

A larger chapel was a dire need to accommodate the increasing number of Sisters and under her supervision Blessed Sacrament Chapel was erected in 1937. Mother Raphael also approved the erection of a new chapel at St. Joseph Hospital in Mitchell.

PRESENTATION HEIGHTS

During the later years of her office as superior general, the membership of the congregation presented an acute housing problem. Anticipating the present structure on Presentation Heights she purchased the site

in 1944. At the completion of her term as superior general, she was elected to the office of bursar general of the congregation and her assignment was to St. Joseph Hospital, Mitchell, as superior-administrator, a position she held until 1952. While in Mitchell she supervised an addition to the hospital which provided a new pediatric department and additional bed capacity.

The Presentation Sisters, then under the leadership of Mother Mary Viator, recognized the fund of knowledge and experience of Mother Mary Raphael and, in addition to being reelected bursar of the congregation, Mother was recalled to Aberdeen to assist in the building program for the new Motherhouse.

In 1958 Mother Mary Raphael was appointed superior administrator of Holy Rosary Hospital, Miles City, Mont. There she was faced with financial hazards which she resolved with the assistance of the good will of citizens of Miles City. It is coincidental that the golden jubilee of the hospital was celebrated during the same year that Mother Mary Raphael commemorates her 50 years in God's service.

The hospital jubilee was observed on July 14. At that time a bronze plaque was presented to Mother Mary Raphael by the president of the chamber of commerce, George Fry, in recognition of the 50 years of devoted service rendered by the Presentation Sisters to the sick and injured of southeastern Montana.

The ideals of Mother Mary Raphael were emulated by her sisters. The moral efforts and the example of a soul striving for perfection developed in her Sisters, greater capabilities of appreciation of what a human character should be. The Sisters as well as the laity congratulate Mother Mary Raphael on the completion of her many undertakings during her 50 years in His service.

Congratulations are also extended to Sister Mary Rose and Sister Mary Bernardine. Sister Mary Rose McCormick is a native of South Dakota. She was born in Woonsocket where she spent her early years. After her graduation from St. Luke Hospital in 1912, Sister Mary Rose served in Holy Rosary Hospital, Miles City, Mont., as surgical supervisor for many years. She completed a course in anesthesia in 1925 and since that time has been chief anesthetist in McKennan, St. Joseph, and Holy Rosary Hospitals. Sister Mary Rose established a school of anesthesia in St. Luke Hospital in 1952.

Sister Mary Bernardine was born in Stuartville, Minn., and after her profession was assigned to Notre Dame Academy to teach a course in homemaking. In 1922 Sister was transferred to St. Luke Hospital where she was chief dietitian until 1956. At that time Sister was assigned duties at Presentation Motherhouse, where she is at the present time.

Felicitations are extended to the following Sisters who celebrate their silver jubilee: Sister Rose Marie Kappenman, Dolton; Sister Mary Ruth Steffes, Andover; Sister Mary David Dorn, Adrian, Minn.; Sister Mary Richard Caron, Scranton, N. Dak.; Sister Mary Charles Dresch, Dell Rapids; Sister Mary Aquinas O'Connor, De Smet; Sister Mary Denise Dauwen, Andover; Sister Mary Basin Boltz, Fulton; Sister Mary Gertrude Nemmers, Dell Rapids.

U.S. CORPORATE MEMBERS AND BOARD OF DIRECTORS OF AMERICAN ASSOCIATION OF PORT AUTHORITIES

Mr. BUTLER. Mr. President, on Monday of this week I made a few remarks about a resolution recently adopted by the American Association of Port Au-

thorities regarding proposed congressional action toward officers of the Port of New York Authority. The association, as I indicated on Monday, represents every major port along our coasts and I now ask unanimous consent to have printed in the RECORD a list of its U.S. corporate members as well as its board of directors to show how inclusive the association is and why the Congress should heed its position.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

U.S. CORPORATE MEMBERS OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES

U.S. North Atlantic ports, including Hampton Roads:
Maine Port Authority.
Massachusetts Port Authority.
City of Providence, Department of Public Works, Rhode Island.
Albany Port District Commission, New York.

City of New York, Department of Marine and Aviation.

The Port of New York Authority.
New Jersey Department of Conservation and Economic Development.

South Jersey Port Commission.
Delaware River Port Authority.
City of Philadelphia, Division of Port Operations, Pennsylvania.

Board of Harbor Commissioners, City of Wilmington, Del.

Maryland Port Authority.
City of Baltimore, Bureau of Highways, Division of Drawbridges, Bulkheads, and Piers, Maryland.

Virginia State Ports Authority.
Norfolk Port and Industrial Authority.

U.S. South Atlantic ports:
North Carolina State Ports Authority.
South Carolina State Ports Authority.
Georgia Ports Authority.
Savannah District Authority, Georgia.
Brunswick Port Authority, Georgia.
Municipal Docks and Terminals, Jacksonville, Fla.

Metropolitan Dade County Seaport Department, Miami, Fla.

Broward County Port Authority, Port Everglades, Fla.

Port Pierce Port Authority, Florida.
Port of Palm Beach District, Florida.
Canaveral Port Authority, Florida.

U.S. gulf ports:
Port of Houston, Tex.
Brownsville Navigation District, Texas.
Port of Corpus Christi, Tex.
Port of Beaumont, Tex.

Orange County Navigation and Port District, Texas.

Port Isabel-San Benito Navigation District, Texas.

Galveston Wharves, Texas.
Board of Commissioners of the Port of New Orleans, La.

Lake Charles Harbor and Terminal District, Louisiana.

Great Baton Rouge Port Commission, Louisiana.

Alabama State Docks Department.
Hillsborough County Port Authority, Tampa, Fla.

Gulfport Port Commission, Mississippi.

U.S. South Pacific ports (south of the Oregon-California line), including ports in Hawaii:

San Francisco Port Authority, California.
Long Beach Board of Harbor Commissioners, California.

Los Angeles Board of Harbor Commissioners, California.

Port of Oakland, Calif.

City of San Diego Harbor Department, California.

Stockton Port District, California.
Board of Harbor Commissioners, Hawaii.
U.S. North Pacific ports (north of the Oregon-California line):

Anchorage Port Commission, Alaska.
Port of Everett, Wash.
Port of Tacoma, Wash.
Port of Vancouver, Wash.
The Port of Portland Commission, Oregon.
Portland Commission of Public Docks, Oregon.

The Great Lakes ports:
Niagara Frontier Port Authority, Buffalo, N.Y.

Oswego Port Authority, New York.
Ogdensburg Port Authority, New York.
Rochester-Monroe County Port Authority, New York.

Department of the Port of Chicago, Ill.
Department of Port Control of the City of Cleveland, Ohio.

Toledo-Lucas County Port Authority, Ohio.

Port of Detroit Commission, Michigan.
Muskegon Board of Harbor Commissioners, Michigan.

Seaway Port Authority of Duluth, Minn.
Brown County Board of Harbor Commissioners, Green Bay, Wis.

Milwaukee Board of Harbor Commissioners, Wisconsin.

Superior Board of Harbor Commissioners, Wisconsin.

Port Commission of the City of Erie, Pa.

U.S. MEMBERS OF THE BOARD OF DIRECTORS OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES

D. Leon Williams, president, American Association of Port Authorities, executive director, North Carolina State Ports Authority.

B. J. Caughlin, second vice president, AAPA, general manager, Los Angeles Harbor Department.

M. C. Cunningham, third vice president, AAPA, general manager-traffic director, Alabama State Docks Department.

Dudley W. Frost, executive director, Oakland Board of Port Commissioners.

A. Lyle King, director, Marine Terminals Department, the Port of New York Authority.

Thomas P. Guerin, general manager, Commission of Public Docks, Portland, Ore.

Frank A. Ernst, chairman, Virginia State Ports Authority.

Lewis H. Rabbage, chief engineer, Department of Marine & Aviation, City of New York.

J. Alex Crothers, director, port development, Delaware River Port Authority.

J. L. Stanton, executive director, Maryland Port Authority.

Milton A. Pearlstone, secretary, South Carolina State Ports Authority.

J. D. Holt, executive director, Georgia Ports Authority.

Joel C. Wilcox, port director, Port of Palm Beach District.

Richard B. Swenson, port director, Gulfport Port Commission.

William C. Herbert, executive director, Greater Baton Rouge Port Commission.

Byrd Harris, port director, Port of Corpus Christi.

J. P. Turner, general manager, Port of Houston.

Ben E. Nutter, assistant executive director, Oakland Board of Port Commissioners.

John Bate, port director, San Diego Harbor Department.

John J. Winn, Jr., general manager, The Port of Portland Commission, Oregon.

Robert T. Smith, port director, Seaway Port Authority of Duluth.

John A. Ulinski, executive director, Niagara Frontier Port Authority.

Harry C. Brockel, municipal port director, Milwaukee Board of Harbor Commissioners.

TRIBUTE TO LELAND OLDS

Mr. MURRAY. Mr. President, a great American passed away last week.

Leland Olds, Chairman of the Federal Power Commission in the 1940's, and a tireless worker to assure this Nation abundant, low-cost energy for economic expansion, died last Wednesday after a distinguished career.

Later I shall make further comment on the passing of this great individual. I now ask unanimous consent to have printed in the RECORD an account of his death and tribute distributed by the American Public Power Association.

There being no objection, the tribute was ordered to be printed in the RECORD, as follows:

HEART ATTACK FATAL TO LELAND OLDS

Leland Olds died in Washington this week after suffering a heart attack. He was 69.

A former Chairman of the Federal Power Commission, Mr. Olds for the past 7 years has been director of Energy Research Associates, offering consulting services to many public power systems, rural electric cooperatives and others.

Mr. Olds visualized the power industry of the future as based on a high use, low unit cost philosophy, with giant power grid systems tying together the thermal, hydro, and atomic powerplants of the future in the most economical way.

He discussed his low-rate philosophy in a talk to the APPA annual convention in Seattle, Wash., in 1959. A year earlier, he addressed the APPA New Orleans convention on "An Approach to Giant Power Legislation."

The most highly regarded study of our Nation's water resources to be produced in recent years came in large measure from the pen of Mr. Olds, who was Commissioner in charge of studies for the President's Water Resources Policy Commission. The Commission's two-volume report, "A Water Policy for the American People," and "Ten Rivers in America's Future," published in 1952, has become a classic in the field of natural resource planning.

A native of Rochester, N.Y., Mr. Olds was graduated from Amherst University in 1912 and studied at Harvard and Columbia Universities. He entered the power and resources field in 1939, when he became assistant to the chairman and executive secretary of the Power Authority of the State of New York. He held this post until President Franklin D. Roosevelt appointed him to the Federal Power Commission in 1939.

CHAMPION OF EFFECTIVE REGULATION

Mr. Olds' devotion to the principle of regulation of the electric and gas industries as a member and later Chairman (1940-46) of the FPC created hostility among many leaders of those industries and in 1949, when he was reappointed by President Truman, the Senate refused to confirm the nomination.

President Truman then named him to the Water Resources Commission and later Mr. Olds was representative of the Secretary of the Interior on the New England-New York Interagency Committee.

He served on many policymaking committees in a number of fields. His resources activities included service as vice chairman of the National Power Policy Committee (1939-44), chairman of the United States St. Lawrence Advisory Committee (1940-49), member of the Federal Inter-Agency River Basin Committee (1940-47), and member of the Water Resources Committee and Energy Resources Committee of the National Resources Board (1939-43).

President Truman, in supporting Mr. Olds' nomination to a new term on the FPC, declared that he was "a nationally recognized champion of effective utility regulation * * * he has labored diligently in the service of all the people and has earnestly sought to protect the public against the narrow interests of special groups." Senator JOHN F. KENNEDY yesterday credited Mr. Olds with much of the planning and work on many great water and resource development projects. "In a sense, these developments, such as the St. Lawrence Waterway and power projects, are a permanent memorial to him. He had the vision and the energy to establish the foundation for the giant power system that will soon be serving America."

Mr. Olds is survived by his wife, Maude, two sons, and two daughters.

RESEEDING AND REFENCING OF BURNED-OVER LANDS

Mr. MORSE. Mr. President, for some weeks the newspapers have been calling our attention to one world crisis after another. The result, I think, is that some of our domestic crises have not received adequate attention by the Senate. In the Western States, some of the worst forest and range fires in history have been raging. Some of our top conservationists advised me this morning that the fires have been probably the worst our country has experienced in the last 50 years. Thousands of acres of wooded land and rangeland have been burned completely. Not only have the fires burned the timber in the Federal forests; they have burned up the fences which are so important, under the Grazing Act, to carrying out grazing policies.

I testified this afternoon before the Senate Committee on Appropriations in support of a supplemental appropriation of \$1,500,000 to reseed those lands now, because many conservation experts tell us that the seed ought to be planted now, while the ash is on the ground, because the ash itself is a great help to the seeds taking root; and planting now before weeds take over is a more economical procedure. Also, the fences need to be rebuilt in order to make the grazing lands available for livestock grazing.

Because I think the statement I made in the Committee on Appropriations this afternoon sets forth the statistical material which each Member of the Senate ought to have available to him concerning the extent of the fire crisis which has raged in the West, and is still going on, I ask unanimous consent that it be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR WAYNE MORSE BEFORE THE SENATE APPROPRIATIONS COMMITTEE, AUGUST 11, 1960

Mr. Chairman and members of the committee, I wish to thank you for according me the courtesy of appearing before you to urge your favorable consideration of a supplemental appropriation for the Bureau of Land Management in the amount of \$1.5 million to enable the burned-over lands of the Western States to be reseeded and refenced.

Truly the situation, gentlemen, is a critical one. It is my understanding that as of today over 100,000 acres of Oregon have been ravished by fire, out of the 250,000 acres in

the Western States. The situation is still critical according to the latest information I have been given. I understand that the O. & C. land area is now closed to all logging operations except for the midnight to 8 a.m. shift. It may very well be that the Governor of the State may be forced to close all of Oregon to logging.

The situation was brought to my attention by responsible constituents. Among them is one which I would like to call especially to the attention of the committee, Mr. Cecil L. Edwards, executive secretary of the Oregon Cattlemen's Association. Mr. Edwards telegraphed me on behalf of his association on August 8, as follows:

PRINEVILLE, OREG., August 8, 1960.

Senator WAYNE MORSE,
Chairman, Oregon Congressional Delegation,
Washington, D.C.:

You doubtless noted newspaper reports of destructive range fires that Oregon has experienced this season. Some authorities say worst in 30 years. Officers of the Oregon Cattlemen's Association have directed me to wire our congressional delegation petitioning you to seek aid either through emergency funds from BLM or other sources. Urgent needs call for reseeding of totally burned-out areas comprising excess of 16,690 acres as follows: 650, Lakeview; 7,000, Burns; 1,899, Vale; 1,240, Prineville; 6,000, Baker. Also about 32 miles of protective fence needed. This, of course, represents only small part of BLM burned area and neither does it take into account burned forest lands. Fence costs about \$500 per mile, reseeding about \$3.50 per acre. More fires normally expected as only midseason and conditions including worst in years, but hope to get machinery in motion for emergency funds prior to fall rains.

CECIL L. EDWARDS.

Just today, I have received the following urgent telegram from Mr. Edwards:

PRINEVILLE, OREG., August 10, 1960.

Senator WAYNE MORSE,
Washington, D.C.:

The officers and members of the association join and sportsmen should, too, in expressing appreciation for your prompt and aggressive action pointed toward funds to reseed ranges destroyed in the serious fires that have plagued eastern Oregon. Combinations of surface fuel and temperature along with greater use of outdoors combine to make ever present fire hazard more threatening.

CECIL L. EDWARDS.

Mr. Chairman, it is my understanding that of the \$1.5 million being requested, approximately \$450,000 would be expended in Oregon. This sum, if it is to be as effectively used as possible, needs to be made available with all speed to the Department. By starting reseeding operations in the very near future, technical experts of the Bureau of Land Management have assured me that we will be able to take advantage of ash now on the ground in order to provide a better medium for the new seed to grow in. If we delay, this one incidental advantage resulting from the fires may be dissipated.

There is one other point that I should like to stress to the committee. The seed to be purchased in this program should be that which is suitable to the soil and moisture of the area. It is my hope that the technical experts of the Department of the Interior in making their recommendations for the purchase of seed will not overlook those suitable varieties which are Oregon-grown and which are in large supply. I mention this, Mr. Chairman, because of a telegram I received this morning from Mr. R. C. Kuehner, secretary of the Chewings and Creeping Red Rescue Commission of Oregon.

Mr. Chairman, I ask unanimous consent that the committee permit me to place into the record at this point that telegram and copies of telegrams dated August 9, 1960, which I dispatched to the Secretary of the

Interior and the Director of the Bureau of the Budget urging that they seek the supplemental appropriation you are now considering. Thank you.

PORTLAND, OREG., August 10, 1960.

HON. WAYNE MORSE,
U.S. Senator,
Senate Office Building,
Washington, D.C.:

Fine leaf fescue growers of Oregon urge your assistance in securing recognition of their product in legislation being requested by Bureau of Land Management for emergency appropriation to reseed extensive range areas burned this season. It is of paramount importance that such emergency legislation specify only Oregon fine fescue be used.

Record imports of foreign seed, unhampered by quota regulations have created havoc in domestic market and growers are forced to sell way below cost of production.

R. C. KUEHNER.

AUGUST 9, 1960.

The Honorable FRED A. SEATON,
Secretary of the Interior,
Washington, D.C.:

Strongly urge you seek supplemental appropriation for reseeding and refencing of burned over acreage in eastern Oregon and other western States. Following telegram just received from Oregon Cattlemen's Association:

"You doubtless noted newspaper reports of destructive range fires that Oregon has experienced this season. Some authorities say worst in 30 years. Officers of the Oregon Cattlemen's Association have directed me to wire our congressional delegation petitioning you to seek aid either through emergency funds from BLM or other sources. Urgent needs call for reseeding of totally burned out areas comprising excess of 16,690 acres as follows: 650 Lakeview, 7,000 Burns, 1899 Vale, 1,240 Prineville, 6,000 Baker. Also about 32 miles of protective fence needed. This of course represents only small part of BLM burned area and neither does it take into account burned forest lands. Fence costs about \$500 per mile, reseeding about \$3.50 per acre. More fires normally expected as only midseason and conditions including worst in years, but hope to get machinery in motion for emergency funds prior to fall rains."

You can appreciate the urgency of prompt reseeding in order that new seed may have benefit from ash resulting from burnt grass. Please advise decision of Department as soon as reached.

WAYNE MORSE,
U.S. Senator.

AUGUST 9, 1960.

Mr. MAURICE H. STANS,
Director, Bureau of the Budget,
Washington, D.C.:

Have strongly urged the Secretary of the Interior to seek supplemental appropriation for reseeding and refencing of burnt acreage in eastern Oregon and other western States. Will appreciate cooperation of Bureau of the Budget on any request presented for such urgently needed supplemental appropriation. Following is telegram just received from Oregon Cattlemen's Association containing justification:

"You doubtless noted newspaper reports of destructive range fires that Oregon has experienced this season. Some authorities say worst in 30 years. Officers of the Oregon Cattlemen's Association have directed me to wire our congressional delegation petitioning you to seek aid either through emergency funds from BLM or other sources. Urgent needs call for reseeding of totally burned out areas comprising excess of 16,690 acres as follows: 650 Lakeview, 7,000 Burns, 1,899 Vale, 1,240 Prineville, 6,000 Baker. Also about 32 miles of protective fence needed. This, of course, represents only small part

of BLM burned area and neither does it take into account burned forest lands. Fence costs about \$500 per mile, reseeding about \$3.50 per acre. More fires normally expected as only midseason and conditions including worst in years, but hope to get machinery in motion for emergency funds prior to fall rains."

Believe Cattlemen's Association's cost estimates very minimum. Would personally recommend \$10 per acre, \$4 of which would be for seeding and \$6 for fencing.

Please advise when, and if decision to seek supplemental appropriation is made.

WAYNE MORSE,
U.S. Senator.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FAIR LABOR STANDARDS AMENDMENTS OF 1960

The PRESIDING OFFICER. Without objection, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3758) to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of large enterprises engaged in retail trade or service and of other employers engaged in activities affecting commerce, to increase the minimum wage under the act to \$1.25 an hour, and for other purposes.

Mr. GOLDWATER. Mr. President—
The PRESIDING OFFICER. The Senator from Arizona.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Arizona desire a quorum call?

Mr. GOLDWATER. No.

Mr. President, last night we began discussion of the Kennedy proposal to amend the Fair Labor Standards Act, which will be referred to more often on the floor as the minimum wage law. I desire today to offer my preliminary arguments on this entire matter, and I will later, during the introduction of some 32 amendments, develop this theme further.

The bill involves a question of economics, and not a question of politics. I will admit that this proposal has great vote appeal, but I argue: Does it have economic sense?

I have heard the argument used on the floor and in committee and in debate that the whole purpose of Government in the economic field should be to raise the purchasing power of the people. I suggest that the free enterprise system is constantly attempting to do that. The free enterprise system realizes that it cannot operate without increasing purchasing power. But every time the Federal Government has attempted to do this, it has not increased purchasing power. It has, at best, created a stalemate; but in many cases—I would say in most cases—it has caused an actual decline in purchasing power.

I should like to cite an example of this by reading from the Washington Post of August 8. I shall read this article into the Record because it shows precisely what I am arguing, that when we artificially raise wages, either by negotiation, when increased wages are not

earned, or by governmental action, when increased wages are not earned, the worker receiving the increased wage actually suffers instead of benefits. A column under the heading "Federal Diary" appears daily in the Washington Post. The particular article to which I refer discusses the recent pay raise that was given to the Federal employees. I think it was a 7½-percent pay raise. It also refers to the argument made at the time by the President, his economic advisers, and those of us who believe in the natural operation of the law of supply and demand, and who know that this would not be, in effect, an increase because increased prices would have to be put into effect to absorb the taxes necessary to pay for it. I quote from the article written by Mr. Jerry Klutts:

Factfinding Bureau of Labor Statistics has been asked to check on prices in the Washington area.

If the study shows what is suspected—that prices have edged up following the 7½-percent Federal pay raise—then Congress will be asked to investigate the matter.

Representative TOM STEEN, Democrat, of Oklahoma, who requested the survey, said he would follow up by asking Congress to investigate if the facts warranted it.

He said numerous Federal employees had complained to him that their pay raise was being used to pay higher prices for rents, gas, bread, milk, transportation, cigarettes, etc.

"We gave the employees a needed pay raise," he observed, "but if the protests I've received are correct, the Federal workers in the Washington area are getting very little benefit from it * * * they must use the extra money to pay higher prices."

The next paragraph is not relevant.

This is an example of what happens right here in the city of Washington, the Nation's Capital, where we all live and work, and what unnatural or unearned wage increases will do. Every man in business knows that he has to pay for such an increase. The taxpayers have to pay for it. When the increase is earned, there is no question of the value of giving it. It is given naturally and normally in most cases.

When the Federal Government steps in, for reasons known only to itself, and grants pay raises, this is what can be expected by the Federal employee. The man we really tried to help finds out, after a few months or a year at the most, that he is no better off than he was before, because prices have had to go up.

Mr. President, I desired to comment on one other thing, which is the danger involved in the whole philosophy of the Federal Government regulating wages and ultimately prices. I think we can best understand this if I read from the hearings what Mr. Meany said in a colloquy I had with him during the course of the interrogation. Mr. Meany said:

If a business for any reason at all, must base its existence on paying less than a decent wage, I say it has no right to exist. I think that is plain.

Mr. President, last night on the floor the distinguished Senator from Oregon was expressing his views on this matter. I know that these are his honest convictions, because we have debated them in the committee. I wish to read from yesterday's Record, to carry the position

of Mr. Meany a step forward. I quote from page 16178 under the heading "Perhaps a Subsidy Is Necessary."

I take the position that in a free economy such as ours there is a moral responsibility on the part of the Government to see to it that fellow Americans are not exploited by employers merely because they are economically stronger than the economically weak employees, who have no other choice but to work in the plants of such employers or not work at all.

So we come to the issue of whether workers should subsidize employers in "low wage" businesses or whether all the taxpayers of the country should subsidize them. Thus, as I offered a series of amendments in the Labor Committee, to bring more and more workers under the coverage of the bill, I was met with the argument that some businesses cannot pay more. I suggested that if it is a subsidy that they need, then the subsidy ought to come from all the taxpayers of the country and not from workers.

Mr. President, therein lies the end danger of the whole Federal approach. The fact which is recognized by Mr. Meany and by the Senator from Oregon [Mr. MORSE] is that some day the Federal Government may be in the position of paying wages in this country not simply to Federal employees, but also to employees of businesses, when those businesses are judged, by the Department of Labor or by whatever bureau has the matter under its wing, not to be able to pay a proper wage.

Mr. President, I wish to make it abundantly clear at the outset of this discussion that nobody in this country abhors low wages more than I do. I have had a lifetime of experience in hiring people and in working with people. I know something about this subject, because I have been through the processes of watching the economic system work. I have been through the processes of watching salaries go up in a natural way. I started to work for \$12.50 a week, and I was pleased throughout my life to watch my salary go up as I worked harder and produced more. Therefore, when I talk about this matter I am talking from a practical standpoint; not a theoretical standpoint and not from a textbook. I know these things happen. I fear very strongly that the taking of the action which the Congress is about to take will result in more harm than good.

INCREASE IN THE MINIMUM WAGE RATE

Mr. President, my opposition to any increase in the minimum wage rate at this time is based on principles of sound economics and on a realization of the necessarily inflationary effect of any increase upon the economy as a whole. Wage increases imposed by legislative fiat without any regard for their economic consequences will curtail employment, reduce job opportunities, and result ultimately in price rises the consumer must pay for goods and services. I urge, therefore, that the present \$1 an hour minimum remain unchanged.

APPLICATION OF THE FAIR LABOR STANDARDS ACT TO PURELY LOCAL ENTERPRISES

The act, heretofore, has been applicable only to employees engaged in interstate commerce or the production of goods for interstate commerce. The committee bill, while retaining this nar-

row coverage concept, extends coverage to all employees employed in an enterprise or in an establishment which is engaged in any activity affecting interstate commerce, subject to certain dollar volume limitations which will be discussed later.

Mr. President, I invite the attention of my colleagues to the statement in the bill "affecting commerce." This is the first time that we have tried to write into the Fair Labor Standards Act the language of the Supreme Court decisions, the first of which I believe was in the Jones and Laughlin case in about 1934, which used the language "affecting interstate commerce."

It is impossible for me to stand on the floor of the Senate and think of one single transaction which would not affect interstate commerce. For instance, if a bootblack in Phoenix, Ariz., bought one can of polish made in Ohio, that certainly would have an effect upon interstate commerce, and he could and would come under the intent of this measure.

Mr. President, this to me is one of the most dangerous parts of the whole bill. When we broaden the interpretation of interstate commerce to include anything which affects it, then I think we must think a long time about it, because we shall be, in effect, saying that everything done in the United States, whether it is purely intrastate or not, is in effect interstate in character, because it is difficult, if not impossible, to imagine anything which does not affect interstate commerce today.

The courts have construed the phrase "affecting interstate commerce" as constituting the broadest possible scope authorized by the Constitution of the power of Congress to regulate interstate commerce. I am opposed to any change in the present coverage provisions of the act. The proposal to extend coverage in this fashion would place under Federal control thousands of small business establishments which are primarily local in character and which should not be subject to regulation by the Federal Government if our Federal-State system is to be maintained.

THE ELIMINATION OR NARROWING OF EXEMPTIONS FROM COVERAGE IN THE PRESENT LAW

Both in the enactment of the original Fair Labor Standards Act in 1938, and its major amendment in 1949, Congress recognized that even the narrow coverage concept of the law would result in hardship and inequity applied to certain specific industries or economic activities. These industries and activities are of such a nature and are carried on under such circumstances, that to subject them to the act would be to create complex, even insoluble problems, jeopardizing the effective functioning as well as the solvency of many enterprises in these areas. Cognizant of the difficulties, Congress granted exemptions of various kinds, tailored to suit the problems peculiar to these industries and activities. Thus, employees in retail, service, cleaning and laundering establishments, in agriculture, as well as seamen and others, were exempted from the minimum wage and overtime provisions of the act, as were employees of small newspapers, local,

suburban and interurban bus and trolley lines, and small telephone exchanges. Employees in certain industries were exempted from the overtime provisions of the act but made subject to the minimum wage requirements; others were exempted from overtime for a limited period in each year because the industries were seasonal in nature.

Congress had substantial grounds for granting an exemption in each specific case. Essentially, Congress recognized the fact that the failure to provide these exemptions would result in economic injury to the particular industry which would inevitably result in a decline in employment therein, thus defeating the objectives of the legislation.

Mr. SCHOEPEL. Mr. President, will the Senator yield, or does the Senator care to yield at this time?

Mr. GOLDWATER. I am happy to yield.

Mr. SCHOEPEL. The categories of businesses he has mentioned in his most informative address this morning before the Senate have caused me to remark at this stage that I have received literally thousands of letters over the period of the last 6 or 8 months from people in my State of Kansas pointing out the very thing which the Senator is bringing to the attention of the Senate, namely, that if these exemptions are not provided for the businesses—and I know many of these people—as pointed out, the ultimate result will be a loss of employment and the curtailment of the business activities.

I should like to ask the Senator if he feels there is a very decided danger that the exemptions heretofore provided by the Congress, I think wisely, would be eliminated in this type of legislation? Does the Senator feel there is a great possibility that the exemptions would be eliminated?

Mr. GOLDWATER. Under the present bill many of the exemptions are retained and some of them have been removed. If I remember correctly, when the original bill was introduced, it would have added an additional 11 million people, and taking out exemptions which would cover them, the figure is down now to roughly 5 million people. There have been some fields of exemption that have been eliminated from the present bill, but there are many fields still left.

If the Senator is interested, I can read into the RECORD that section of the bill that lists the exemptions.

Mr. SCHOEPEL. The Senator need not do that. I shall be glad to check the bill. However, the alarm that is being expressed through the mail that the Senator from Kansas is receiving concerns the removal of exemptions, and the fear that if they are removed or if employers are saddled with the proposed increases, they will be required to curtail their businesses by the hundreds in my State. The bill affects the smaller areas as well as some of the larger areas in my State.

Mr. GOLDWATER. The Senator from Kansas is correct in a part of his assumption. I do not like to use the argument that the passage of the bill would put people out of business. It would not necessarily do so. Last night

the Senator from Oregon [Mr. MORSE] alluded to the argument that is used by businessmen to the effect that it would run them out of business. That is not true. I do not imply that his statement was incorrect insofar as he made it, because he believes it is. But the bill would not necessarily eliminate a business. All that happens is that the merchant, whoever he is, raises his prices.

The law of economics is simple. A man is in business to make a profit, and the biggest part of his expense dollar is the salary cost. If he must raise the salary cost 10 percent, he will be required to raise prices to cover that 10 percent. It will not necessarily mean a 10-percent price increase, but that is one danger we encounter in small communities. The fact that the small businessman must raise his prices causes him to come into competition with the large chain stores, most of which are already paying above the minimum wage, and the small businessman cannot compete with them. In that respect he might eventually go out of business. But the mere fact that he would have to increase his salaries would only mean that he would increase his prices.

The other danger with which the small merchant—or the "Main Street merchant," as I like to call him—is confronted is that the moment he is placed in a position where he must pay above what his business will carry, he is then in competition in the labor market with the larger stores which already pay a higher wage. He is already in competition with them. To put him further into competition would work a hardship on him.

There is one other danger that I shall touch on a little later, but because the Senator from Kansas is present and has asked the question, I shall mention it at this time.

By artificially causing an increase in wages in these fields, we shall see additional unemployment in this country. I cannot tell how much it will be. My assumption is that if the bill is passed as it is now written, within 3 to 4 months after the Act goes into effect the additional unemployment could reach as high as half a million.

One might ask, why is that? The retail business is a very peculiar business. The greatest turnover in employment occurs in the retail business. It is not a business which is particularly attractive to young people. I wish it were more attractive. It is not the salary question that makes it unattractive. The retail business is a hard grind.

So what kind of employees does a retailer select? Young girls waiting to get married, older women who are widows, and many married women who wish to spend part of their days away from home doing something. They are lonesome. So merchants give them part-time jobs. These are not people that merchants need. Merchants can eliminate most of those people today through automation. Many merchants are adopting automation procedures, but they are not going into it to the extent to which they will be forced into that field as they are required to get rid of what we call marginal employees—

people who do not work all day, and who do not want to work all day.

I find that in my business there are many people who wish to work only in the morning or only in the afternoon, or, if we are open one night a week, to work that one night. We have girls who go to school part time. They do not want to work all day. Those are the types of employees in every town in America that the merchant will have to eliminate if this bill becomes law.

To me that problem has serious consequences upon the economy of a small community. It has serious consequences upon the economy of business itself.

Mr. SCHOEPEL. I say to the distinguished Senator from Arizona that he is putting his finger on some of the very same things that have been repeated to me hundreds of times in communications I have received, especially from part-time workers, and I appreciate very much his explanation of his views with reference to some of these matters.

Mr. GOLDWATER. I should like to add a statement which was made by Secretary of Labor Mitchell. I admit that the statement was made last year, and I believe that Secretary Mitchell has indicated that he has changed his mind, but I do not know that the facts have been changed by reason of his changing his mind. In transmitting a report to Congress, Secretary Mitchell said:

The surveys present evidence of disemployment apparently related to the increase in the \$1 minimum, despite the fact that the economy was rising at that time and there were increases in the general level of prices which facilitated adjustment to the \$1 minimum. Employment tended to decline in the low-wage industries, and in most cases more markedly in those segments of the low-wage industries where wage rates had been increased most. . . . These employment developments were, of course, influenced by many factors in the whole economic situation. They are much more marked, however, than would be expected in the exceptionally favorable economic circumstances of the time.

The Secretary further stated in the same report:

The results of the studies undertaken by the Department suggest that the \$1 minimum had substantial impact in the low-wage industries and that there is still a heavy concentration of workers at or near the minimum in the low-wage industries. In view of these conclusions, it is not determinative that prices, the wage level generally, and productivity have increased in the meantime. A further increase in the minimum at this time would involve the risk of "substantially curtailing employment or earning power" in the low-wage industries, which the act states is to be avoided.

As I say, that was the Secretary's position last year. He has since indicated that the minimum wage should be increased, and furthermore, that additional workers should be covered. But I wished to make sure the Senate knew that the report to which I referred shows that there was disemployment as a result of the passage of the minimum wage bill of 1955.

My conviction, arrived at through a lifetime of experience in business, is that

unemployment could very well rise as much as a half million people as a direct result of this bill, if it is enacted, and it will affect the very type of person, in the main, that we are now striving to help through the Federal-aid-to-the-aged approach. Most of those people are in the age bracket of 65 and over.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. Did the Senator state for the RECORD—if so, I did not catch it—exactly what was the date of the report of the Secretary of Labor, Mr. Mitchell, from which he just read?

Mr. GOLDWATER. I did not state the date. I do not have it before me, but I shall obtain it and make it a part of the RECORD. The report was made in 1959, last year. It was a report made to the Congress, and I shall be glad to furnish the date.

Mr. HOLLAND. I thank the Senator.

Mr. GOLDWATER. The portion of my presentation about which the Senator from Kansas [Mr. SCHOEPEL] has been querying me applies to the effect of the bill upon small business.

INJURIOUS EFFECT ON SMALL BUSINESS

The dollar volume standards provided in the committee bill are designed to create the impression that the minimum wage and overtime pay requirements are directed exclusively at big business and that small business falling below these dollar standards will continue to be free from the act's requirements and will thereby be unaffected by the economic effects of the extended coverage. Actually, this is mere surface appearance; the reality is otherwise.

A small business, in all of its activities, competes directly with large enterprises in the same industry; it also competes with all other industries in the same labor market for the available supply of labor. If the larger enterprises are compelled by law to pay higher wages, small business operating in the same labor market must pay the same rates in order to secure or retain employees. Thus, the exemptions or the freedom from coverage the committee bill seems to extend to some small business is nothing but delusion.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. Aside from the comment which the Senator has just made, which I believe is completely accurate; namely, that small business is competing constantly day by day with large business across the street or around the corner, both pricewise and for its employees, is it not true that both sponsors of the proposed legislation in their opening statements yesterday made it completely clear, as they have heretofore, that they think the pending bill is too small a beginning, and that they anticipate and hope for and will be actively engaged in extending the coverage when and if the standards written into the pending bill for the first time become applicable?

Mr. GOLDWATER. I would say that last night the distinguished Senator from Oregon [Mr. MORSE], who is a member

of the committee, repeated on the floor what he has often said in committee. He believes that there should be no exemptions at all, and that he will try, as Congresses go by, to have exemptions removed completely.

Mr. HOLLAND. Did not the distinguished Senator from Oregon also say that in his opinion at least 6 million more employees should be put under coverage at this time in the pending bill?

Mr. GOLDWATER. The bill as it was originally written, as I said earlier, would have brought approximately 11 million people under coverage. I believe the figure under the present bill would be in the neighborhood of 5 million.

Mr. HOLLAND. The Senator from Oregon did say that in his judgment an additional 6 million should be brought under coverage in the bill now.

Mr. GOLDWATER. I would not be surprised if the Senator from Oregon submitted amendments to accomplish that. In fact, if we pursue his philosophy in this field, we must come to the conclusion he reached last night, namely, that the bill should be implemented, where necessary, with Federal moneys being paid to employees where employers cannot meet the \$1.25 minimum wage by the law and its amendments through the years.

Mr. HOLLAND. In support of the statement made by the distinguished Senator from Arizona, is it not true that the Senator from Oregon said last night that in such case the entire public should subsidize the employers, so that they could pay their employees what he regarded as an adequate wage?

Mr. GOLDWATER. Yes. I read that earlier. I made reference to his remark, shown at page 16178 of the RECORD of yesterday:

I suggested that if it is a subsidy that they need, then the subsidy ought to come from all the taxpayers of the country and not from workers.

I know the Senator believes that, because we have argued about it in committee. If that is not socialism, I do not understand the term. We will not have a free economic system once the Federal Government gets into the business of paying wages.

Mr. HOLLAND. Is it not true that the distinguished Senator from Massachusetts [Mr. KENNEDY], the other principal sponsor of the proposed legislation now before the Senate, in his opening remarks, also said that the pending bill in his judgment did not go far enough, and that it would call for extensions from year to year to other business and employers and employees, under the new concept that is written into the bill?

Mr. GOLDWATER. I believe he did in his opening statement. The distinguished chairman of the subcommittee has not been as forceful in pushing for extended coverage as has the Senator from Oregon.

Mr. HOLLAND. I should like to ask one more question. Is it not true that the Senator from Oregon in his bill, introduced either last year or in the last Congress, also included coverage of agricultural workers within the purview of the bill?

Mr. GOLDWATER. An effort has been made every time the act was amended to include agricultural workers. A specific exemption is written into the pending bill with reference to agricultural workers. We have always had to eliminate that possibility. However, there is more and more pressure being exerted to bring agricultural workers under the purview of the law. I do not know of any amendment at the desk which would bring that about. However, it would not surprise me to see an amendment offered in that field.

Mr. HOLLAND. If I may restate my question, it is this: Is it not true that one of the distinguished sponsors of this proposed legislation, the Senator from Oregon [Mr. MORSE], in a bill introduced by him a short time ago in the Senate, either last year or in the 85th Congress, specifically included the coverage of agricultural workers?

Mr. GOLDWATER. I believe the Senator is correct. I would have to check with my staff to be accurate in my statement. I would not want to state definitely without first checking. I will be glad to get the answer. If such a bill was introduced, I will be glad to get it and put it in the RECORD, if the Senator desires.

Mr. HOLLAND. I would appreciate it if the Senator would do that.

Mr. GOLDWATER. I have been informed that the bill as originally introduced would have increased the coverage by about 7½ to 8 million. In the subcommittee the bill increased the coverage by about 11 million. Then the full committee amended the bill and reported the pending bill with an increased coverage of about 5 million. I thank my staff for bringing that information to my attention.

II. HISTORY OF FAIR LABOR STANDARDS ACT AMENDMENTS

The enactment of the Walsh-Healey Act in 1936 provided that certain Government contracts must contain provisions for paying the prevailing rate of wages. This was the first attempt by the Congress to place a floor under wages in interstate commerce. Then on June 25, 1938, one of the Nation's basic labor laws was enacted—the Fair Labor Standards Act. This act set forth the statutory minimum wage, overtime pay requirements, and child labor provisions that cover employees engaged in interstate commerce or in the production of goods for commerce.

The 1938 act set the Federal minimum wage rate at 25 cents an hour from October 1938–39; 30 cents, from October 1939–45; and 40 cents after October 1945. The 40-cent level was established even prior to October 1945 through industry committees, groups composed of employers, employees, and public representatives who studied the wage situations of different industries and recommended the highest minimum, up to 40 cents an hour, that would not substantially curtail employment.

The Congress, in adopting the Fair Labor Standards Act, was concerned with eliminating labor conditions detrimental to the maintenance of minimum stand-

ards of living necessary to health, efficiency, and general well-being of workers.

It was not contemplated that this legislation would be applied to those already receiving wages far above the minimum which results from genuine free collective bargaining.

President Roosevelt, in asking the Congress to enact the Fair Labor Standards Act, stated:

There are many purely local pursuits and services which no Federal legislation can effectively cover.

Similarly, Senator Black—now Justice Black, of the U.S. Supreme Court—who sponsored the original wage and hour bill in the Senate, said:

Businesses of a purely local type which serve a particular local community, and which do not send their products into the streams of interstate commerce, can be better regulated by the laws of the communities in which the business units operate.

These statements are as true today as they were in 1937–38.

Since 1945 the minimum wage has been increased by the Congress from 40 cents an hour to a dollar an hour, or 250 percent of the 1945 base. During this same period the Consumer Price Index has risen so that it represents 160 percent of the 1945 base. In fact, if we go back to 1938 when the Minimum Wage Act was passed, the minimum wage has increased to 400 percent of the 25-cent level adopted by the Congress at that time, while the Consumer Price Index is only 200 percent of the 1938 base.

In appraising this legislation, it is important to remember that in 1938 there were 8,265,000 members of trade unions as contrasted with over 18 million today. Collective bargaining currently establishes the wage levels which must be met by all employers if they are to compete for workers in an economy where currently the percentage of unemployed is less than 5 percent of the total civilian labor force. Those who would be directly affected by legislation raising the minimum are usually in areas of substantial unemployment where potential employers are confronted with special problems. Increased labor costs in such situations would likely increase unemployment and cause hardship for those whom this legislation is intended to benefit.

The 1949 amendments to the Fair Labor Standards Act increased the minimum rate still further to 75 cents an hour, effective January 25, 1950, and redefined "commerce" as "trade, commerce, transportation, transmission, or communication among the several States or between any State and any place outside thereof" in lieu of "from any State to."

In 1955 extensive hearings were held by the House Education and Labor Committee on legislation to revise the Fair Labor Standards Act. Proposals were considered to raise the minimum wage and also to extend coverage of the act.

In enacting legislation to amend the Fair Labor Standards Act so as to achieve the greatest well-being for as many people as possible, the Department of Labor testified that—

The maximum increase in the minimum wage that can be undertaken depends on the impact the increase would have on low-wage segments of industry where it must be paid. If the increase is too large to be absorbed without disruptive changes, the results are either unemployment in the affected firms or price increases. If the market will not take price increases, the low-paid workers whose jobs are at stake lose instead of gaining. If prices rise and the wage increase is paid through inflation the real cost is borne by low-paid workers outside the scope of Federal regulation and by pensioners and others in similar status.

Although the President recommended an expansion of coverage and an increase to 90 cents an hour, and despite the strong efforts by labor spokesmen in behalf of their case for a \$1.25 minimum wage, the Congress enacted legislation to raise the rate to \$1, effective March 1, 1956, with no provisions for extension of coverage under the law, during the 84th Congress.

In 1957, the Subcommittee on Labor of the Senate Labor and Public Welfare Committee held public hearings during February and March to consider only the extension of coverage under the act. On February 25, 1957, the Secretary of Labor made the following statement before the subcommittee:

I recommend that the act be amended to bring within the protection of a minimum wage employees now excluded who work in business enterprises that are substantially engaged in interstate commerce. Their operation depends on substantial and continuing engagement in interstate commerce, and such enterprises are an integral and essential part of the interstate commerce of the Nation.

It should be emphasized that the Secretary of Labor confined his recommendations to enterprises which are an integral and essential part of the interstate commerce of the Nation.

Several other proposals were advanced during the 85th Congress. These included the extension of coverage to approximately 10 million employees who were engaged in any activity affecting commerce.

Ultimately, such a concept would virtually include any employment regardless of its character. Another proposal would have extended coverage to nearly 6 million employees by broadening the term "commerce" to include any closely related process or occupation directly essential to commerce.

The Secretary of Labor made the following comment on these proposals:

This is broader than any language ever used by the Congress for application of the commerce clause of the Constitution. In 1938 and again in 1949 the extension of the Fair Labor Standards Act to activities affecting commerce was considered but not adopted by the Congress. The proposal here is as expansive as the affecting language then considered. I believe that there are still very good reasons for rejecting such an approach to coverage.

Under the Fair Labor Standards Act, the line of coverage must be drawn as precisely and definitely as it can be so that employers and employees may understand its application from the facts that they know. Wages have to be paid each pay period, and if the law applies it must be complied with at that time.

For this reason, the current proposals to include new and indefinitely elastic boundaries in the act's definitions of interstate commerce do not appear to be practicable.

That is the end of the quotation from the statement of the Secretary of Labor when he appeared before the subcommittee.

Mr. HOLLAND. In what year?
Mr. GOLDWATER. In 1959.

III. THE HEARINGS

The Subcommittee on Labor of the Committee on Labor and Public Welfare held 10 days of hearings during May and June of this 1959. Seventy-seven witnesses appeared, representing various groups, including labor, agriculture, transportation, communication, timber, manufacturing, fisheries, merchant marine, retail and service trades, and individual small businessmen.

For the most part, the groups listed above were opposed to the enactment of S. 1046, the bill introduced by Senator KENNEDY from which the committee bill evolved. Representatives appearing on behalf of labor unions gave full support to broadening the coverage and raising the minimum wage to \$1.25 an hour. The administration offered a bill, S. 1967, which would not affect the minimum wage rate, but would broaden the coverage by including larger establishments now exempted that met the true test of being engaged in interstate commerce and employing at least 100 workers.

I might comment briefly on the \$1.25 rate. Frankly, I have not been able to find an economist who can tell me the validity of the \$1.25. It is the minimum established back in 1954, when the bills were introduced to amend the Fair Labor Standards Act that resulted in the amendment in 1955. At that time the economists of the labor movement were pushing for \$1.25. Finally they settled for \$1. I have not found any economic justification for \$1.25. In my mind, why should it not be \$1.50 or \$1.75? Why \$1.25? I hope that during the discussion it will be possible to develop some sound economic reason for the figure which was picked out of the air.

I argued with Mr. Meany during the hearings that whatever the minimum was raised to, whether \$1.25 or \$1.50, it would be only a relatively few years before the new floor would be the starvation wage. We started with 25 cents an hour. When we think today of 25 cents an hour, we think, "Oh, that was terrible. How could people live?" Well, many persons in this Chamber once worked for 25 cents an hour. But in those days a dollar was worth more. Things were cheaper. Costs were down. All costs have gradually come up.

Wage rates came up faster without Federal intervention than they have with Federal intervention. I was looking, this morning, at some interesting figures. In 1930 and 1931, wholesale prices stood approximately at the same level as they were in 1840—90 years earlier. Yet, in the same 90-year period, average wage rates increased by approximately 700 percent. This is a phenomenal and little known development.

It was the competition in the goods market which helped to keep prices down,

and it was the rivalry among employers for scarce labor which drove wage rates up and up.

I do not believe that referring back 30 years, and making comparisons with rates which at that time were fairly good, does any good in this discussion. What we should be concerned about is the effect of passing a bill which would increase the minimum wage to \$1.25 and cover so many people at this time.

Another effect of this proposal, of course, is the pushing upward of all labor costs. It does not affect the man who is now making \$1 and who will be raised to \$1.25. The competitive situation in the labor field within one firm immediately forces all other wage rates up. That is the economic fact which leads to more inflation, not simply the \$1.25 in itself. It is the effect it will have on the man now making \$1.25, \$1.50, \$2, or \$2.50. All of those have to go up in order to retain the relative positions of skills in the labor market. If we are driven to the day when we pay everyone the same wage, then I think we are on the right track; but of course no one who understands the operation of our economic system would ever want to see that day come, because it would mean the elimination of competition within the labor market; and in the operation of a single firm itself it would result in the rather rapid arrival of the day when the Federal Government would, in effect, be paying all the salaries.

Mr. President, now I wish to discuss what, in my opinion, are some of the major shortcomings of the committee bill.

But before I do so, let me say that the Senator from Florida asked about a bill, which was introduced, to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for hired farm labor employed by large farm enterprises, and for other purposes. The bill was not introduced by the Senator from Oregon. It was introduced by the Senator from Michigan [Mr. McNAMARA], for himself and the Senator from Pennsylvania [Mr. CLARK]. I have before me a copy of the bill, although I do not believe it would serve any useful purpose to place it in the RECORD. But if the Senator from Florida would like to see it, I would be very happy to hand it to him.

Mr. HOLLAND. I thank the distinguished Senator; but it is not the bill to which I referred, although it contains some of the same provisions.

Mr. GOLDWATER. It may be offered as an amendment; I do not know.

IV. THE MAJOR SHORTCOMINGS OF THE COMMITTEE BILL

Mr. President, in considering amendments to the Fair Labor Standards Act which will result in the maximum benefit to the workers of this country, there are four factors that must be kept in proper relationship to each other. First, the amount of the minimum wage in terms of living standards of employees and costs to employers. Second, the possible effects of increasing this minimum in terms of substantially curtailing the employment or the earnings of those covered by the act. Third, the extent of

coverage viewed in relation to the proper role of the Federal Government in activities which have traditionally been regarded as local and not directly related or essential to interstate commerce, and fourth, the injurious effect on small business.

There is a definite tendency to concentrate on, or single out, one of these elements and ignore the others. However, the supporters of the committee bill apparently believe that American workers will benefit from simultaneously providing substantial increases both in the minimum wage rate and in the extent of coverage. Marginal businesses throughout the country traditionally have paid the lowest wages and also experience the lowest earnings.

INCREASE IN MINIMUM WAGE RATE

The committee bill proposes that the minimum statutory wage be increased in a series of increments, so that it would be \$1.25 an hour after 2 years for some workers and after 3 years for all the others to whom the act is extended.

Section 4(d) of the Fair Labor Standards Act directs the Secretary of Labor to inform the Congress of his evaluation of minimum wages under the act and of his views as to necessary changes in the act to further the purposes of the legislation. In accordance with the requirements of this section, the Secretary transmitted on January 31, 1959, a report which set forth information concerning the operation and effect of the Fair Labor Standards Act. I may say to the Senator from Florida that is the date he was asking about; I simply did not have it at the tip of my tongue at the particular moment when he made his inquiry.

In the letter of transmittal, the Secretary stated:

A further increase in the minimum at this time would involve the risk of "substantially curtailing employment or earning power" in the low-wage industries, which the act states is to be avoided.

The minimum ought to be raised as rapidly as possible, but with due regard for the economic capacity of low-wage industries to make adjustments to progressively higher standards. Because of the effect it would have on the economy, especially in the low-wage industries, I do not recommend an increase in the minimum wage at this time.

The Wage and Hour Division of the Department of Labor undertook a major study of the \$1 minimum wage, based on a survey program conducted at the time the \$1 minimum became effective in March 1956, and again 1 year later in 1957.

The findings of these surveys and some of the economic factors relevant to the question of raising the \$1 minimum at that time were covered in the Secretary's letter transmitting this report to the Congress. It stated:

The Department's survey program disclosed substantial effects on wage payments in the low-wage manufacturing industries in 1956-57, resulting from the increase of the minimum wage to \$1 an hour, effective March 1, 1956. In 9 of the 18 industry segments studied the wage increases required to bring all workers below \$1 up to that figure increased the wage bill by more than 10 percent. In these studies the industry segments were divided, wherever the data were adequate, into low-impact and high-impact

groups, according to the magnitude of the direct wage bill increase required by the new minimum. In 6 of the 14 industries in which there are such data the required increase exceeded 20 percent in the high-impact groups.

The wage increases resulting from the \$1 minimum were not only these direct or required increases, but also increases to workers already receiving more than the minimum. The surveys indicate that these indirect increases on the effective date amounted in the median situation to approximately 40 percent of the directly required increases in the low-wage industries.

One notable survey finding is that existing wage differentials of all kinds—between high- and low-wage plants, between large and small plants, between union and non-union plants, between large and small communities, between high- and low-wage occupations, etc.—were substantially narrowed as an immediate consequence of the \$1 minimum. These differentials tended to be restored, although only partially, during the following year.

The surveys indicated that the \$1 minimum had effects in raising wages in exempt portions of covered industries and to some extent also in employments not covered by the act.

The surveys also disclosed that the \$1 minimum stimulated employers to reduce costs through productivity improvement as well as raising of production quotas, especially in piece-rate industries, dismissal of least efficient workers, and elimination of premium overtime. There were also indications of some shifting to different price lines, substitution of cheaper materials, and increased prices. The latter was not always possible, but sales and employment were maintained in many situations because higher prices offset rising wage costs under generally favorable demand conditions.

Mr. President, I wish to comment now, for just a moment, on the particular paragraph I have just now read from the Secretary's report. In this paragraph the Secretary recognizes what industry does when it has artificially to raise wages and to absorb the costs if it is going to show a profit; and all who are in business are in it to make a profit. The report says "dismissal of least efficient workers."

Earlier, I commented on that point. There will be found, particularly in the retail industry, the retention of inefficient workers because, as I have said, that is a field which has a high rate of turnover. Earlier in my remarks, I outlined some of the reasons. But that has been recognized by the Secretary of Labor as one of the immediate effects and also one of the long-range effects of artificially raising the minimum wage.

Also here he recognizes another factor which has been of great concern to me—namely, the substitution of cheaper materials.

Mr. President, we must keep in mind that American industry is in business in order to make money. There are many strange ideas as to how much money American business makes; but if American businesses do not make some money, they go out of business; and if too many of them go out of business, the economic system gets into trouble.

As those who are in business have been forced to absorb higher and higher costs through unearned wage increases produced by negotiation or by government, and higher costs produced by the in-

creased costs of government, they have had to go through the various areas where they can save money in order to make money; and I am afraid that the substitution of cheaper materials is becoming more and more a factor in American industry.

I sat next to one of the leaders of the automobile industry, about 2 years ago, at a dinner; and we were talking about the tremendous increase in the importation of foreign-made automobiles. I think he remarked to me that in that year America would export only 8,000 passenger automobiles, but that around 100,000 foreign-made automobiles would be imported.

I asked, "What is your thinking as to the reason?"

"Well," he said, "certainly the cost is a factor, the fact that some of these foreign cars are lower in price than ours; but," he said, "they have better quality."

Mr. President, when American industry is forced to substitute cheaper materials in order to stay in business, I suggest that the threat of foreign competition is going to become more and more acute.

A businessman told me, during last year's steel strike, that they found a source of steel in Belgium which produced such superior steel to that which was produced in this country that they were not going to buy steel from American sources any more; they wanted to keep their quality up.

This is a very important factor, because American people do not like to be gypped. They do not like to buy a car and then spend \$100 a month to keep it running. They do not like to buy a television set and then have to have a repairman continually fixing the set. They do not like to buy a suit of clothes and then have it fall apart a month after buying it. Yet we are, by our action, adding to the forces which make the businessman who has to stay in business take some of the steps that are recognized by the Secretary of Labor; among them substitution of cheaper materials.

It is a dangerous situation, also, because it affects not only the American buyers who buy goods, but the producers who supply the basic materials for our merchandise. In my own business, for example, if I cared to do so, I could buy, out of China or Japan or Puerto Rico, men's shirts, equal in quality to those manufactured and sold in this country for \$6.50, to sell in this country at half to a third of that price.

Thank goodness American merchants have not succumbed entirely to this temptation, but if they are continually forced to by the actions of government, in spending money we do not have, in creating inflation, in Government's forcing wages up when they are not earned, then certainly the substitution of cheaper materials, along with these other items the Secretary recognizes is going to have very disastrous effects upon the economy.

Again, the very person we are trying to help, the working person, is the man who is going to suffer.

I think more and more working people in this country are recognizing that government activity does not help them—it hurts them; that when the Government causes costs to go up in any way at all, the working people pay for it in higher living costs; that when they are paid unearned wage increases, those additional costs will have to be absorbed in price increases that have to accompany them.

Now I shall continue with the Secretary's report.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am very happy to yield.

Mr. HOLLAND. I was interested in one part of the Secretary's report to which the Senator has not specifically called attention, namely, the rise in salary cost in echelons of employees above those affected by the minimum wage law. Will the Senator comment on that?

Mr. GOLDWATER. Yes. That is one of the real dangers in this approach. I said earlier that if it were only the dollar and a quarter that were involved, it would not have much effect upon the American economy; but competition must be maintained within the walls of a firm. For example, a maid is not going to be paid the same hourly rate a skilled mechanic receives. That cannot possibly be done. The competition within a firm has to be retained. There has to be retained the opportunity for that maid, or for the janitor, to look up to the skilled workers' hourly rate and say, "If I work hard, I will earn that rate."

What happens if a person is getting \$1 an hour, and we raise that rate to \$1.25? The associates of that worker in the same firm will have their wages increased, say, from \$1.50 to \$1.75, from \$1.75 to \$2, from \$2 to \$2.50. We have to do that in business. The same pay cannot be given to everybody, because there are different skills.

Let us consider the firms that are already paying \$1.25. It might be said that this law will not affect them. Certainly it will affect them, because they have to get into further competition in the labor market, and the \$1.25 is reflected in the competition and what they have to pay new employees as they compete with other firms. I think that factor is a very important part of this problem, and I am glad the Senator from Florida has asked that question.

I cannot make it plain enough that it is the final, overall effect this action has on the American economy that is important. It does not affect only the low paid worker. This is called the starvation wage. If the hourly starvation wage is now \$1, as the proponents of the bill say, the new starvation wage rate will be \$1.25. Then, in a subsequent Congress, that rate will be raised to \$1.50, and that will become the starvation wage.

These things cannot be done. If the original act had performed the miracles its proponents thought it would, we would not be faced with this proposal today. Ever since the enactment of the law, we have been going back and back and back. It is like the agricultural act. We know it does not work, and we know it will never work, but we spend all of

our time here trying to amend that act to take care of the apparent weakness of the moment.

As I have said, every time the Federal Government dabbles in the free-enterprise system, the result is that we in the Congress spend all our time in amending the act.

We have had this act since 1938, and we still have pockets of low pay. I do not like that, but it is a part of our system of business. It is a part of the free-enterprise system. People will work for these low wages. I would not, but I might have to if I were hard put. There are always people who will accept these jobs. That is an economic fact of life that has to be recognized. There are people who are enterprising, who want to start a small business, who are willing to work 18 hours a day at no wages; and there are people who are willing to work for wages that are lower than the going wage rate. That fact is true whether we have this law or any other law. It is an economic fact of life.

We have not been able to stamp out these pockets of low pay. I think we are making progress, but I think we are making progress faster under the free enterprise system than by Government action. This is an economic fact of life that the proponents of the bill should understand.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. GOLDWATER. Yes.

Mr. HOLLAND. If there be an increase of, say, one-fourth in the pay rate of the lowest paid workers in a particular industry, from \$1 to \$1.25, am I to understand that something of the same nature of an increase will follow as a matter of course, as a matter of necessity, under our system, with reference to other employees in that same business?

Mr. GOLDWATER. The Senator is absolutely correct.

Earlier in the report that I read, the Secretary of Labor recognized in his findings that in the low-impact areas, the increase amounted to 10 percent; it ranged from 20 percent to 40 percent in the higher impact areas.

Mr. HOLLAND. Is it not true, and does not the Secretary so state, that the statements we have just made are not only applicable to the very industry as to which the minimum wage applies, but are also applicable to competing industries that compete in the same labor market for their employees?

Mr. GOLDWATER. Yes. It affects every industry, whether it is covered or not. The Secretary brought that fact out earlier in his report.

Mr. HOLLAND. To follow that point one more step, is it not true that the rate of real pay of the employee who is affected, therefore, will not increase appreciably, because the merchants have to raise the cost of the articles produced or the service rendered in somewhat the same degree that their production costs and their administration costs are raised by the operation of a minimum wage law?

Mr. GOLDWATER. The Senator is exactly correct. This is a point I have tried to make throughout the years in discussing this subject. The very people

we are trying to help are the ones who are going to suffer.

It is simply an economic fact of life that if we have an increase in cost it must be absorbed. The quickest way to absorb such an increase is to raise prices. In a case like this, where the increase affects so many industries and so many businesses, the price can go up very easily, because of competition being what it is. All people can raise prices at the same time. If the increase affected only a small segment of the economy or a segment of the industry, the competition might keep prices down. A merchant or management then might have to find some other way of cutting, though there has to be a cut.

That is what the Secretary of Labor recognized, as I cited from the previous paragraph in the report. When these unnatural increases come along, in order for a man to stay in business he must do something.

Mr. HOLLAND. The increases in prices which follow of necessity affect all the consuming public likewise, do they not?

Mr. GOLDWATER. They affect everyone in the United States, including the worker we are trying to help.

This may be beside the point, but the steel strike of last year produced, in my estimation, wage increases which were not earned by increased productivity. We have not had an increase in steel prices as yet, but we are going to have one. Since steel is a basic industry, this price increase will have an effect on prices. The very people who got the wage increase are going to have to pay more for refrigerators, for automobiles, and for everything containing steel, as will all of us.

Mr. HOLLAND. Mr. President, will the Senator yield for one more question?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. Is it not true that such a system is a direct contributor to inflation and will bring further inflation if persisted in?

Mr. GOLDWATER. The Senator is correct. Any time the economy has any unnatural forces acting on it, it produces inflation or deflation. We do have normal inflation through the operation of our economic system, but when the Government injects itself into the operation of the economic system we always get inflation. We get inflation out of the Government growing bigger and bigger and bigger and spending more and more and more money it does not have. Deficit spending, I will admit, can be deflationary, but up to now it has been highly inflationary.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. GOLDWATER. I am happy to yield.

Mr. LAUSCHE. The question deals generally with the purpose of the bill. Does the bill confine itself solely to the workers who are trying to attain what is called a minimum sustenance wage, or would the bill operate with respect to workers who now are admittedly receiving more than what would be normally designated as a minimum sustenance wage?

Mr. GOLDWATER. When one reads the bill, the bill purportedly is directed toward the man making less than what the proponents of the bill feel to be a wage which will allow him to enjoy life and the pursuit of happiness. However, the Senator is correct in assuming that the bill will affect all wage earners. Wage rates will go up. That has been the disclosure of the investigation of the Secretary of Labor.

The effect of such wage increases has been as low as 10 percent in the low-impact industries to as high as 40 percent increase in labor costs. I wish there were a way to get the precise amount that the last increase affected labor costs in this country. I have not seen any figures which bear on that exactly, but there must be billions of dollars involved, and all that has to be absorbed.

Mr. LAUSCHE. That is the indirect pressure as to the lifting of wages. Is that what the Senator is talking about?

Mr. GOLDWATER. Yes. Will the Senator allow me to continue a moment further?

Mr. LAUSCHE. Yes.

Mr. GOLDWATER. A majority of the 5 million people to be newly covered by the bill we are talking about are presently earning more than the present statutory minimum of a dollar.

Mr. LAUSCHE. Are there some who are earning as much as \$3 or \$4 per hour, who may be helped by the bill, especially in obtaining time-and-a-half pay for work?

Mr. GOLDWATER. Hourly rates in manufacturing in this country in June, the latest figure I have, were \$2.29 an hour, on the average. For durable goods the figure was \$2.44 an hour. For non-durable goods the figure was \$2.08 an hour. In the construction industry the figure was \$3.34 an hour.

In the retail trade, which is the area the bill is mostly directed toward, the latest figure is for May, and the figure is \$1.81.

Certainly even those wages which are arrived at by negotiation over the bargaining table will go up. That will be the result of competition in the labor field. It is the same kind of competition we have in the price field, in retailing, or any other type of service or selling in this country. Competition itself will require that the next negotiation at the bargaining table bring about an increase in wages. There has to be a differential in wages, if we are to keep incentive alive in this country. That differential is not only automatic, it is a must. We cannot level off all wages in this country, so that everybody is paid, for example, \$2 an hour whether he is a good worker or a poor worker.

Mr. LAUSCHE. The Senator is still talking about the indirect operation of the bill. My question is directed to a different situation. A new group is to be brought within the operations of the present law. In a particular industry the pay may be above the minimum of \$1.25, whether or not the bill is passed.

Mr. GOLDWATER. That is correct.

Mr. LAUSCHE. But there is presently no provision for time and a half pay in the industry, perhaps. Would that

group of workers, now receiving wages in excess of \$1.25 an hour, become entitled under the Federal mandate to time and a half pay under the formula?

Mr. GOLDWATER. Yes. The only ones who are exempted from the time and a half provision are the local transit companies, the seamen on American-flag vessels, and those people who are engaged in fish processing. Those are the three groups.

Mr. LAUSCHE. Some few are exempted, but except for those exemptions the law would operate upon all workers, giving them time and a half for hours worked in excess of a designated number?

Mr. GOLDWATER. The Senator is correct.

Mr. LAUSCHE. From that standpoint the bill would go beyond dealing with the minimum sustenance wage?

Mr. GOLDWATER. The Senator is correct. I have been trying to develop in my argument the point that the bill would not affect simply the minimum wage. The bill would affect hours and would affect everything which has to do with employment in this country. We are talking about the Fair Labor Standards Act, not simply a minimum wage. The minimum wage provision is only a part of the Fair Labor Standards Act. There is also consideration of time and a half, age, conditions of employment, and so on.

We are now talking about the effect of the minimum wage segment of the bill. In that we have to consider the overtime provisions in the bill.

Mr. LAUSCHE. It seems to me the impression gained by the public generally is that the bill under consideration is a bill to help the workers in sweatshops. In fact, the bill is a Federal mandate to pay time and a half in industries in which the workers do not now receive time and a half but in which the hourly pay rates may be \$3 or \$4 an hour.

Mr. GOLDWATER. The Senator is correct. Let us consider a bricklayer. A bricklayer receives \$5 an hour, and he will receive \$7.50 an hour for overtime, under the provisions of the bill.

Mr. LAUSCHE. That is already operative, in most instances.

Mr. GOLDWATER. That is correct.

Mr. LAUSCHE. But the bill would bring in a new category under the definition of interstate commerce as carried in the bill?

Mr. GOLDWATER. The bill says, "affecting interstate commerce." That is the dangerous term in the bill. In the first paragraph we see the term "affecting interstate commerce." For the first time we are asked to write into the law the language of the Supreme Court which has broadened the interpretation of the commerce clause of the Constitution so wide that I cannot, as I stand here, think of a single, solitary person in this country who would not be included under the provisions of the act unless he were specifically exempted by the provisions of the act.

Mr. LAUSCHE. I point out that about a week ago it was called to my attention that a demand was made at one particular business in which bargaining

will take place is that there shall be double pay for nonwork holidays because in truth, under that philosophy, while the man is not working at all, he is working. I suppose that is the theory.

Mr. GOLDWATER. I have not heard of that.

Mr. RANDOLPH. Mr. President, I shall not indulge in pleasantries before making a comment, but it has been my personal privilege to serve with the Senator from Arizona [Mr. GOLDWATER] on our Subcommittee on Labor of the Committee on Labor and Public Welfare. I have cherished our friendship. I also wish to commend the intellectual integrity with which the Senator presents his viewpoint. Later on in the debate I shall call attention to why we have agreed on the \$1.25 an hour as a minimum. This is not the time for that discussion. However, the presumed inflationary spiral, which the Senator says would be accentuated if we should adopt a \$1.25 minimum wage, has been emphasized.

Mr. President, it is estimated that the increased cost would be approximately \$2,500 million or it could go as high as \$2,900 million.

I ask the Senator from Arizona if it is a fact that this amount would actually be less than 1 percent of every payroll dollar in the United States? I ask him further if it is true that the amount would be only slightly more than one-half of 1 percent of the gross national product of the United States? Certainly my colleague will agree that these figures are correct. This would cause no dislocation of our economy. I believe this to be a valid viewpoint.

Mr. GOLDWATER. I believe that the Senator is correct in using the figure of 1 percent. I have not computed the percentage. But I must accept Mr. Meany's figures as being correct. He has no reason to make an incorrect statement. It may be one-half of 1 percent of the gross national product. I just do not happen to put much credence in the gross national product. I do not think it means a thing, and whether the percentage is one-tenth of 1 percent, one-half of 1 percent, 1 percent, or 2 percent of the gross national product, it can add to the inflationary pressures. I do not say that it absolutely would, but I say there is a danger. A 1-percent increase in the cost of living tacked on to the normal cost of living increases, plus the abnormal cost of living increases that we do not expect and do not look for, but which we have been receiving from time to time, could have a very bad effect. So I do not think we gain anything by saying, "It is only 1 percent," because no matter what it is, it does add to the inflationary pressures. I accept Mr. Meany's figures as being correct, but I do not accept the statement that \$2 billion is the total cost. I do not think we have any real way of knowing. We have not been able to get any figures. I am going to try again this week to get some figures showing the total effect of the increase to a dollar.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. I understand from reading the RECORD that the 2-billion-plus figure—I think it is nearer 3 billion—mentioned by Mr. Meany related to his estimate of the added cost in the industries affected, and not to the total labor cost of the Nation, and does not take into account the competition between all industries for labor when they go after the same labor personnel, as has already been so fully mentioned by the distinguished Senator from Arizona.

Mr. GOLDWATER. The Senator is correct. We do not know the total effect of this measure on the labor structure of the country.

I wish now to continue with this report submitted last year by Mr. Mitchell.

Nonetheless, the surveys present evidence of unemployment apparently related to the increase in the \$1 minimum, despite the fact that the economy was rising at that time and there were increases in the general level of prices which facilitated adjustment to the \$1 minimum. Employment tended to decline in the low-wage industries, and in most cases more markedly in those segments of the low-wage industries where wage rates had been increased most. * * *

The results of the studies undertaken by the Department suggest that the \$1 minimum had substantial impact in the low-wage industries and that there is still a heavy concentration of workers at or near the minimum in the low-wage industries. In view of these conclusions, it is not determinative that prices, the wage level generally, and productivity have increased in the meantime. * * *

The minimum should be increased when it appears evident that it can be done without requiring generally rising prices to help effect the higher wages.

I think while much colloquy has separated this report, if my colleagues will read the RECORD tomorrow they will have a good understanding of what the Secretary of Labor has found out with only 1 year's study. I repeat that in my estimation, from my knowledge of the retail business, about a half a million people would be affected within 3 to 4 months after the act took effect.

The Department of Labor's report clearly shows that the increase in the minimum wage resulted in dismissal of least efficient workers and increased prices. The risk of curtailing employment through increasing the minimum rate at this time is far greater than it was in 1956-57. The industries most significantly affected by any increase in the statutory rate are generally highly competitive and tend to operate on small profit margins. The Congress must carefully weigh the effect of mandatory cost increases in terms of the operating margins of the affected industries based on their competitive position in the marketplace.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. I should like to get a clear understanding of the statement made by the Senator from Arizona a moment ago to the effect that in his judgment, based upon his own familiarity with business, about half a million people would be immediately affected. Does the Senator mean adversely affected, by losing their positions?

Mr. GOLDWATER. It is my opinion that when this law is placed in effect, if it is placed in effect in the present form of the bill, approximately a half million people who are the least efficient workers, as the Secretary of Labor describes them, will lose their jobs. It is an unpleasant fact of life, but the average businessman in this country is pretty close to the wall so far as cutting expenses further is concerned. I can remember the day in the retail business when a 10-percent profit was not an unusual return. Today the average is about 2½ percent. The pad of some 7½ percent, with which the merchant used to be able to say, "Well, we will stop doing this; we will cut costs this way," is no longer there. Competition has removed it. High taxation has removed it, until today there is not much room to wriggle between the position and the wall. In fact, in the retail industry I am highly concerned about what any decline of sales would do over a period of, say, 6 months. I can remember that in the depression of 1929 our little business did not make any money for 5 years, but we survived. We got along. We could not do that any more, because the Government has taken away our ability to create surpluses. It has taken away our ability to be flexible; and the Government is now about to inject itself further into a very important cost part of the retail and service business.

So that we are approaching the day when, with lowered sales, a 10-percent reduction over a period of 6 months could do very serious damage to industry in this country. That is one of the reasons why we do not need to pile any more Government interference on any businesses in this country.

The country is still faced with inflationary pressures, and the Congress must consider the effect of an increase in the minimum wage in terms of its impact on the overall economy. The nature of the problem is illustrated in a letter addressed to the chairman of the Committee on Labor and Public Welfare by Adm. John S. McCain who presented the views of the Department of Defense in reference to S. 1046. The following is taken from Admiral McCain's letter to the chairman:

As indicated in its title, S. 1046 would broaden the coverage of the Fair Labor Standards Act of 1938, as amended, and would increase the minimum wage of employees covered by the act from \$1 to \$1.25 per hour. The Department of the Navy, in behalf of the Department of Defense, opposes certain features of S. 1046, but defers to the Department of Labor and the Bureau of the Budget on the broad economic and labor policies involved.

The Department of Defense points out that subject bill would place a certain number of the Department's contractors under coverage of the Fair Labor Standards Act who are not now covered by the act because they are not engaged in commerce or the production of goods for commerce. Also, an increase of the minimum wage under the Fair Labor Standards Act would have an upward influence upon all wages generally. Enactment of S. 1046 would, therefore, have a budgetary impact upon the Department of Defense by virtue of increased labor costs to contractors which would inevitably be

passed on to the Department. The amount of such increased costs is not ascertainable to any realistic degree.

That is what I brought out earlier. We cannot say with any degree of complete accuracy what the total increased cost would be.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. Does the Senator mean by his last statement that we know that this raised minimum structure will project itself far beyond the industries directly affected, but that we do not know how far beyond?

Mr. GOLDWATER. There is no way to tell, without doing it, so as to know at one time all the job characteristics of hundreds of thousands of job classifications in this country. I do not believe there is any one man who has that ability. I think we can come to some general conclusions. I hope to have some figures relating to this subject before the debate ends.

Any increase in the statutory minimum wage must ultimately be reflected in an increase in all wages since unions have an obligation to their members to preserve existing differentials.

The Senator will recall that I have oftentimes during the discussion referred to the differentials which must be maintained. I suggest that it becomes the responsibility of union leaders to negotiate to keep these differentials as they are today, and not allow them to come closer and closer together.

The first witness heard was George Meany, president of the AFL-CIO, who has appeared several times in support of an increased minimum wage and an extension of the act's coverage. A review of his testimony shows that Mr. Meany is well aware of the fact that any minimum wage set by Congress provides a floor for all wages and necessitates wage increases for all workers to maintain the differential for skilled workers. He said:

Let us begin by recognizing that the earnings of millions of American workers are keyed directly to the Federal minimum wage.

That statement comes from George Meany, president of AFL-CIO.

Mr. Max Greenberg, president, Retail, Wholesale, and Department Store Union, AFL-CIO, also said:

There obviously will be some upward pressure by those people who are today receiving \$1.25 so that they will move forward. I am sure we want something like that to happen.

The reason we today consider the retail worker on the lowest rung of the economic ladder is because of the fact that we have so many who are making less than a dollar. If everybody was making a dollar and a quarter, obviously, when we went in to bargain for those people whom we have organized, we would be able to get them a fairly attractive wage.

These are two statements from prominent labor leaders who recognize that the wages of American workers are keyed directly to the minimum wage, and that any increase in the minimum wage means an increase in all wages.

I repeat that we cannot be against wage increases, per se. However, we must maintain a realistic position economically. When wage increases are not called for, to make them by government fiat, in effect, works a hardship on the economic system, and it works a hardship on the very people we are trying to help.

So these prominent labor leaders recognize that they must go to the bargaining table to get higher wages for those they represent. That is their responsibility. The labor movement recognizes the fact—and this is particularly true in the craft unions—that the differential has a great effect on American productivity, and they must maintain this differential. When the minimum wage becomes \$1.25, the man who has an agreement calling for \$1.50 feels that that is not enough of a differential to recognize his superiority. So the bargaining goes on, and he comes out with a higher wage. Our labor leaders know that.

The proponents of an increase in the minimum wage accept rising price levels as a necessary corollary of this legislation. The following colloquy between Senator GOLDWATER and Mr. Meany is significant:

Senator GOLDWATER. * * * Now, we are talking about a \$1.25 minimum. I do not care what the figure is—\$1.50 or \$1.10, whatever it is. How long would it be before that would become an unbearably low minimum, since we would have to raise wages all the way up the scale—how long would it be before \$1.25 became the 75 cents or 50 cents of today?

Mr. MEANY. I do not know how long it would be, but it would come inevitably. It has to come under our system and our economy. And if you look over the history of the economic progress here in America, I will admit it has got to come. We have a high wage-high price economy; and under that sort of an economy, we have the best standards in the world, comparatively speaking.

Now, you say how long will it be before the \$1.25 becomes the 75 cents of 10 years ago. I don't know. But to me it is inevitable that it will come.

Here again we have the top labor leader of the United States recognizing an economic fact of life, that it will be one more Congress or two more Congresses before we are going to go through this same performance again. I believe that almost anyone could very intelligently take a project calendar and almost tell the year when we will be asked to raise the minimum wage again, because by artificial action by Government the present one has become an unliveable wage.

I do not care how much a man earns an hour, if he earns it. If a man can earn \$100 an hour, he is entitled to be paid that. However, if he can earn only 50 cents an hour, he should not be paid \$1.25 an hour.

Mr. George H. Kimball, who appeared on behalf of the National Retail Merchants Association, in his testimony before the subcommittee, said:

The inflationary aspect of an increased or extended Federal minimum wage also must be carefully examined. The imposition of a Federal minimum wage affects not only marginal workers earning less than the mini-

mum, but all workers, if existing wage differentials are to be maintained.

We have an expression up there in the seaport where I live, "When the tide comes in all the costs go up." So, if you put in a minimum wage of \$1.25 an hour for a beginner, a starter, or a learner, then your experienced people, you have got to pay them \$2 or \$2.50 an hour.

President Eisenhower a year ago asked us to try to keep our cost of business down and try not to raise our prices. Now, there are only one or two things that could possibly happen if this wage and hour law does go through affecting retailers; it would mean that we would have to either raise our prices or curtail our services.

Under sound personnel administration, an employer cannot raise the wage floor for the minimum skilled employee without making comparable adjustments up the line for higher skilled and more experienced workers.

Thus, the entire payroll must be adjusted upward if a sound wage structure, as well as good employee morale, are to be maintained. This is especially true in a personalized service business such as retailing.

We believe that high wages which result from increased productivity have provided Americans with the world's highest living standards. But high wages established by Government fiat and not accompanied by any increase in output can only result in economic disaster for all of us. Again, a colloquy between Senator GOLDWATER and Mr. Meany throws light on the direction in which this legislation would take us:

Senator GOLDWATER. You realize, of course, that if we do that, prices are going to go up. I think you mentioned they would go up 1 percent. But they are going to go up. Now, that is an unnatural increase in price. * * *

Mr. MEANY. An unnatural increase in price?

Senator GOLDWATER. It is an unnatural increase in that it was created by an act of Government rather than an act of the economic system. And aren't we today in some of our industries having trouble with unnatural price increases created by unearned wage increases?

Mr. MEANY. I do not agree.

Senator GOLDWATER. You do not agree with that?

Mr. MEANY. No.

Senator GOLDWATER. Well, let me cite an example of France. France had a 5-percent-per-year increase in her economy, I think, between 1952 and 1958. And that is a goal, I think, that some economists and some people in politics want to achieve in this country by Government intervention in the economic system. But France had an increase in the cost of living of 25 percent between 1956 and 1958.

Now, are we going to get ourselves in the same fix that France was in when she suddenly stopped Government intervention and went back to the natural laws?

Many of the newly covered employees would be in the retail and service industries. Again, the testimony by Mr. George H. Kimball is significant. He said:

Legislated wage increases ignore the basic economic principle that a true wage increase results only when accompanied by increased productivity and efficiency on the part of employees.

If not accompanied by increased productivity, they represent nothing more than added costs for the employer to assume. This added cost cannot be absorbed under existing retail margins without wiping away

the profits of many stores and confronting others with serious operating losses.

The division of research of the Harvard Business School annually reports significant figures on department and specialty store operations. Figures for 1957 show a net profit after taxes for all department stores of only 2.8 percent.

It was less for smaller stores doing under a million dollars annual sales volume. In order to maintain existing profits or remain in business at all, retailers will be forced to raise the price of their goods to the consumer if competition permits. This invites then an inflationary effect, which not only nullifies the increase in purchasing power of those receiving the increased wages, but also decreases the purchasing power of the public as a whole.

Therefore, the extension of the Federal minimum wage to retailing carries the risk of precipitating two dreaded consequences: inflation and unemployment.

Proposals to divide the retail and service industries on the wage and hour issue by placing some under the Federal act while exempting others are both discriminatory and unsound.

Such proposals have been made many times before, but Congress wisely has seen fit to reject them. They are merely piecemeal or foot-in-the-door approaches designed to extend Federal controls in areas which properly rest with the individual States.

They are based on the assumption that size alone, whether measured by sales or number of units operated, represents ability and obligation to pay. They disregard the basic characteristics and competitive nature of retailing. No division of the industry, whether imposed on the basis of sales volume, number of units maintained, or type of ownership, can be effected without creating most serious inequities. Aside from the principles involved, such an approach would impose insurmountable administrative and enforcement problems. It is axiomatic that laws should not stand if they cannot be enforced.

Any such division of the trade would not only discriminate against the larger employer, but seriously injure the smaller employer, intended to be exempt.

Mr. President, I want to interject here an additional reason why American businessmen should not be encroached upon further by the Federal Government. Mr. Kimball touched on it lightly. I refer to the administrative and enforcement problems. The average retail business today has from one to a dozen employees who do nothing but fill out reports for the Federal Government. I can assure Senators that it is a never-ending task. This means the imposition of further administrative responsibilities on not only the retailer, but on all service trades and every other business covered by the act as well. It may not be a big burden to a large institution; but to a small institution, it is a big burden.

Furthermore, there is the constant danger of forgetting to file one of the reports. They are so multitudinous I cannot relate them all. It is necessary to file literally thousands of them with the Federal Government every year. If we forget one, we are liable to a fine; we are even liable to a jail sentence. This is an additional burden placed on American business which I do not believe should be placed on American business.

In many industries, increased productivity results from the equipment available to workers which increases

their output. With most of the additional workers who would be covered by the provisions of the Fair Labor Standards Act, it is difficult to increase their productivity through the application of more capital equipment. Hence, their coverage will either jeopardize their jobs or result in inflationary wage increases.

We believe that the time has come when increased productivity should be reflected in lower prices which will benefit all of America's consumers rather than in wage increases which exclude retired people and many others from participating in the fruits of America's growing economy.

This is another economic fact of life which is overlooked by the proponents of the measure. The whole intent of the free enterprise system is to provide lower prices, not higher prices. We do not want to go back to the days of the handmade automobile, or back to the days of the hand-sewn garment. We want to pass on the increases in profits and the increases in earnings to the American buying public, not constantly apply them to the wage earner.

Much of the trouble in which elderly people find themselves today certainly stems from the fact that we have not been passing on to the American public the increases in productivity which are reflected in lower prices. We should be doing this. We are not able to do it because of the demands of labor and now the demands of Government that we apply this increase only in the field represented by the wage earner.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. I am very happy that the Senator from Arizona has brought out this point, and has made it so clear that the increases in prices which have already been sustained throughout the operation of the minimum wage law undoubtedly will be larger if the proposed provision comes into existence as law, as shown by the report from Harvard, which the Senator has just read.

That very fact is the thing which is disturbing most of the elderly people of my State. The Senator, I think, knows that, with the exception of one or two other States, perhaps, my State has within its borders more elderly people who have retired, proportionately to its population, than any other State. Those people have noted the inflationary spirals, the never-ending increases in prices, with tremendous apprehension, because inflation destroys their ability to live on the basis on which they had prepared themselves to live, and on which they thought, under our American system, they were safe in expecting to live.

I think nothing would be more unforgivable of the Senate and Congress at this time, in considering this measure, than to forget the plight of millions of people who are not receiving public benefits, who have managed their economic lives with reasonable caution and care. Although they thought they could foresee reasonable independence for the rest

of their lives, they now find that their ability to live comfortably is destroyed or impaired greatly by Government intervention.

I hope the Senator from Arizona will, over and over again, drive home that point. I do not believe the Senate, or anyone in Congress, wants to be unkind or thoughtless of this fact. Nevertheless, this inflationary spiral, which the two able and intelligent labor leaders, whom the Senator from Arizona has just quoted from the hearing record, admit is a part of the history, is destructive of the independence of millions of fine, elderly people in our country.

I think that is one of the arguments every Senator and every Member of the House of Representatives will want to recall before he casts a vote to increase this spiral, to increase the always upward level of prices, and substantially and further to impair, and in many cases destroy, the ability of elderly people to live in some degree of comfort off of their savings.

Mr. GOLDWATER. I thank the Senator from Florida for that observation. Let me say that Arizona has a very high percentage of retired persons. Is it not a rather unusual paradox that we gather here for a special session, one aim of which is to pass a minimum wage law that will make it more difficult for the retired persons to live, and then we shall pass a law to take care of the medical expenses of the retired persons. I maintain that if the Federal Government had kept itself out of these fields that require inflation as the answer and destroy the plans of retired people, we would not have to concern ourselves with the plight of an unknown number of people over 65 years of age, as it relates to their medical expenses. In Arizona there are tens of thousands of people who very prudently during their lives provided funds on which they could retire. But after getting the funds, they find them insufficient to cover the costs of living. Who is to blame for that? I think the Congress and the Government have to take that blame, because one of the greatest forces acting on inflation is the Federal Government, and one of the greatest forces acting on increased costs in this country is the cost of conducting the Federal Government and the State and the local governments.

So here we sit, with a few days in which to act; and we are going to take care of those over 65 years of age, and then we are going to turn around and kick them in the pants. That does not make sense to me. A great many of these people will not be able to get along, as a result of the passage of this bill.

So what is the next answer? Then some Member of Congress introduces a bill to take care of the cost-of-living problems, in connection with their homes and everything else, of these people. The end result of all this will be that the Federal Government will take over.

Mr. George Meany, president of the AFL-CIO, in his testimony before the subcommittee, showed a callous disregard for the jobs of those individuals who would be severed from the payroll if the

minimum wage were raised beyond the point which an employer could meet. He said:

Let's get practical about it. There is certainly a moral question here. Let me put it quite clearly. If a business for any reason at all, must base its existence on paying less than a decent wage, I say it has no right to exist. I think that is plain.

And again, in the following colloquy:

Mr. MEANY. If his profit depended on paying less than the minimum wage, then I say he shouldn't be in business.

Senator PROUTY. I am not talking about the minimum wage. I am talking about any wage, whether it be \$2 an hour or \$1.50 an hour. He has to show a profit in order to stay in business, and that means a profit on the services performed by each one of his employees. Isn't that logical?

Mr. MEANY. Well, again I say I don't agree with you when you get to below a minimum wage.

Senator PROUTY. You are saying if he is unable to pay a minimum wage, he should go out of business?

Mr. MEANY. That is right.

I heard that colloquy, and it is difficult for me to believe that Mr. Meany meant that. He has come up the hard way in this world; he has worked all his life to get where he is; and I imagine there were times in his life when he worked for a wage below what he thought he should be receiving. But he had to have a job. In this country there are literally hundreds of thousands, if not millions, of people who, as I said earlier, are not particularly concerned with what pay they receive. They want a job, and they will take a below minimum standard wage just to be employed—employed temporarily, probably, in many cases. But nevertheless, that fact exists. And regardless of this law, that fact will continue to exist.

I may say that in connection with the matter of salaries, I have made a number of studies among the people with whom I have worked at different levels during my life. I have listed 10 subjects which I thought were of importance to people working; subjects such as—although I hate to use the word—security, which means they will be working 10 or 20 years from now, and other subjects, such as conditions, salaries, and so forth. I have asked them to give to each one of them a number, to indicate their opinion of its importance in connection with their jobs. Salary has never gone above No. 7 in that connection, in my studies; and it will be found generally that salary is not the determining factor in looking for a job. If that were true, there probably would not be any ministers today, because the ministry is about as low paid a profession as any I know of; and many politicians would go out of this business—I do not now speak of it at this level—because most political levels pay too small a salary.

People go to work chiefly because they like the jobs. Certainly most of us in this body could do better economically on the outside. But we like politics; we think this is an expression of service to our country.

Similarly, a soldier certainly can make more money on the outside. A boy who

flies a B-52 makes less than one-third of what is made by one who flies commercially the same aircraft, today. But the boy who flies the B-52 is not in a rush to get out of the service, for he feels he is doing something by being in the service, and that feeling is part of the remuneration of doing the job.

So, in my observation, a man does not go down a long list of jobs and pick out the highest paid one. He picks a job that he thinks he will like, a job in which he thinks he will render service, and in which he will be happy. So he goes to work. And if he does a good job, he will wind up making pay commensurate with the job.

Mr. Meany makes it abundantly clear that he is not concerned at all for those employees who would lose their jobs if their employer were forced out of business. I feel certain that employees who are the potential victims of Mr. Meany's program for unemployment do not share his views in this matter, and that whomsoever else he speaks for, he does not speak for them.

This view of Mr. Meany's, incidentally, is shared by at least one other member of the committee, who has also, on several occasions, asserted that there should be no exemptions of any kind from the application of the Fair Labor Standards Act; that every employee, without exception, employed in an enterprise engaged in any activity affecting interstate commerce, should be covered by the minimum wage law. Going even further, the same member has asserted that coverage should be based not on the interstate commerce clause of the Constitution, but on the allegedly even broader basis of the Constitution's general welfare clause. This is a proposition of considerable legal dubiousness, which reflects, however, the reckless and irresponsible tampering with the essential structure of our free economy which characterizes so much of the proposed legislation in the welfare area. And earlier today I read part of the statements made last night by the Senator from Oregon which bear out, here on the floor, the statements to which I now refer, which were made in the committee.

Paradoxically, this same committee member, who had expressed opposition to any and all exemptions, on another occasion suggested that an exemption for a certain industry, particularly active in his own State, be left intact, thus removing the employees in that industry from the act's overtime provisions. In making this inconsistent suggestion, he pointed out that the labor unions operating in that particular industry preferred that the employees in the industry be denied the statutory benefits provided by the law. The reason for their attitude is a simple one: It would merely make it more difficult for the union to organize these employees. That is, union membership becomes less attractive in some industries when Government guarantees the employees a minimum wage.

This provides some indication that the zeal and enthusiasm with which organized labor supports increase and extension of the minimum wage, allegedly out

of humanitarian concern for low-wage employees, may well be tempered where application of the statutory minimum wage would result in weakening the union. It raises some doubts about the genuineness of the professed concern of the leaders of organized labor for the welfare of unorganized workers, in contrast with their unquestioned concern for the strengthening of their unions.

It should also be noted that Mr. Meany's position that an employer who cannot afford to pay the statutory minimum wage should go out of business—with the necessarily consequent loss of jobs to his employees—is distinctly in conflict with the stated policy of the minimum wage law itself. Section 2(b) of the act states:

It is hereby declared to be the policy of this act, through the exercise by Congress of its power to regulate commerce among the several States and with foreign nations, to correct and as rapidly as practicable to eliminate the conditions above referred to in such industries without substantially curtailing employment or earning power.

The committee bill does not modify this declaration of policy, and therefore we presume that its supporters do not intend to nullify it and sharply disagree with Mr. Meany. But we feel strongly that in retaining the stated congressional policy they are merely preserving the language while simultaneously destroying its content by means of many of the amendments contained in the committee bill.

In discussing an appropriate minimum wage, the impression has frequently been given that an entire family is basically supported by the wages earned by the recipient of the statutory minimum. We find that, in many cases, those who are not covered under the existing law, or those who are not earning the minimum wage, are new entrants into the labor market, part-time workers, or older people. The individuals affected are a constantly changing group.

The following colloquy between Senator PROUTY and Mr. Meany is significant:

Senator PROUTY. Another question: How did you arrive at this figure of \$1.25? Why wouldn't \$1.50 be better?

Mr. MEANY. Well this is a field where you've got to make a little progress. It is quite obvious that the minimum standard, the minimum yearly wage required for what we call a decent, normal standard of living is still going to be far above what this \$1.25 will bring.

In fact, the minimum is \$4,200, isn't it?
Mr. RUTTENBERG. It is \$4,600.

The data to which Mr. Ruttenberg referred is based on a study prepared by the Bureau of Labor Statistics which was described as a city worker's family budget. Many of the employees covered by this legislation are not city workers, and they are not the sole support of a family. On the contrary, their earnings supplement those of others in the family, providing the entire family with an income far in excess of the minimum recommended by the Bureau of Labor Statistics.

Certainly, the Congress cannot legislate minimum living standards of \$4,200, much less \$4,600, for individuals or fami-

lies based on the concept of a minimum wage for an individual worker.

I might inject here this one overlooked fact, that while in the retail field, in the lower end of it, we might say, the hourly rate of \$1.81, which was the average in May, is not favorably comparable to the rates paid in construction and manufacturing, nevertheless the majority of these people work all year. I would say in most cases it will be found that the person who works all year has a better annual earning than the person who works on an hourly basis. Many union leaders are now recognizing this fact and are turning toward the guaranteed annual wage. I could discuss that subject at some later date, but I merely wanted to bring out the fact that what they are aiming this legislation at is, in many respects, a better field for making a living than the field of employment where a person works a week or two at a time, and then is off a week, or in an industry which depends on seasonal production.

Another view of the impact on wage differentials was given by Mr. H. B. Devinny, vice president and director of industrial relations of the Davison Chemical Co., Baltimore, Md., who appeared on behalf of the United States Chamber of Commerce. He declared:

The impact of minimum wage legislation is not confined to the labor costs at the minimum.

In its initial impact, minimum wage legislation will narrow down or eliminate some of the preexisting wage differentials above the minimum. But the law does not change the underlying realities that produced and sustain these wage differentials.

These wage differentials are highly prized by working people and are highly useful in allocating and recruiting human resources of varying skills and talents, and in terms of risk and working conditions.

Wage differentials exist in all societies and perform highly essential functions. They can be counted on to reassert themselves after a new minimum is fixed—to induce a spreading of upward changes in wage rates in general from those directly affected by the minimum wage law to others above the minimum not directly affected.

It is generally agreed that minimum wage legislation both "jacks up" the whole wage rate structure and increases its rigidity. It is on the desirability of these effects that fundamental disagreement develops.

Those who support increases in the minimum wage may be, wittingly or unwittingly, becoming underwriters of inflation. Why are labor leaders with few or even no members working at the minimum wage so interested in getting lawmakers to do their work for them?

Mr. Devinny answered this question by inserting an article from the New York Times of October 7, 1955. It read:

Union locals in the garment industry were instructed today to seek a general wage increase for 150,000 workers when the Federal minimum wage goes to \$1 an hour March 1. The mandate was issued by the general executive board of the International Ladies' Garment Workers' Union, AFL, at its semi-annual meeting here. David Dubinsky, the union's president, said the wage drive was intended to counteract the "squeeze" that would be put on the industry's pay structure by the addition of 25 cents an hour to the Government-enforced wage floor.

He explained it this way: When a worker now earning less than \$1 an hour moves up to \$1, the spread between his earning and

those of workers making more than \$1 will be narrowed. The union proposes to maintain the present balance between jobs by insisting that employers give workers in the over-\$1 bracket increases proportionate to those the under-\$1 group will get automatically.

It would be totally unrealistic for us to legislate in the general area of labor costs at a time when foreign competition is becoming increasingly important. Real wages based on productivity can be supported, but if, in our eagerness to aid those who are paid marginal wages, we destroy their opportunities for employment in competition with workers abroad, we will have performed a great disservice to the American people.

The most striking feature of this country's economic history has been the virtually continuous improvement in the real wages of Americans, and in the standards of living based upon them. We are eager to see this process accelerate. However, we do not believe that Federal legislation can guarantee higher standards of living or employment.

Considering all of the adverse effects an increase in the minimum wage rate at this time would have on the thousands of small businesses, and especially the workingman whom this bill is intended to benefit, we are unalterably opposed to any legislation which would increase the present statutory minimum rate of \$1 per hour.

EFFECT ON EMPLOYMENT

We have already discussed the effects on employment. I should like to pursue it a little further here.

Many individuals would prefer to earn what might be regarded by some as a low wage than be totally unemployed. We must maintain a reasonable balance between minimum wages and employment possibilities.

The Congress has enacted measures to assist the States in financing of their unemployment compensation programs. We have an obligation not to add to unemployment by imposing burdens on employers which will only result in adding to the unemployment rolls in those areas where wage levels are low and where unemployment is also at peak levels.

There are countless groups of employees in areas which for one reason or another are encountering economic distress who would prefer to see their present employers remain in business than to be forced to accept relief or unemployment compensation because the Congress had established a minimum wage which their employers could not pay and still remain in business.

I favor wages based on human needs which are consistent with maintaining employment opportunities. The evidence presented to the committee shows that a minimum wage of \$1.25 an hour for a vastly increased coverage will jeopardize the employment opportunities of many individuals who are now performing useful work, maintaining their self-respect, and advancing their economic status through acquiring experience in industries paying the present minimum wage.

The American economy is faced with increasing foreign competition which re-

quires that every effort be exerted to increase efficiency in manufacturing and similar occupations. Industrial output has increased much more rapidly than employment. Hence, it is essential that job opportunities be created in the other segments of our economy, including the services, which are assuming increasing importance, so that workers displaced by automation and improved technological processes will not join the ranks of the unemployed.

It is apparent to any observer of the American scene that most new office buildings and apartments have automatic elevators since the higher wage scales which were demanded by the building service employees have permanently displaced elevator operators from their jobs. Similarly, automatic vending machines and simplified distribution systems in supermarkets which minimize the need of clerks are proceeding at a rapid pace.

It is proposed that even laundries be included under the broadened coverage of the Fair Labor Standards Act. The problems of applying Federal legislation to purely local activities were presented to the committee by Mr. Andrew Broadus, the president of the Capital Laundry & Dry Cleaning Co., of Louisville, Ky., who appeared on behalf of the American Institute of Laundering. He said:

We would call to your attention testimony presented to this committee in 1957 by Mr. Forest I. Neal, Jr., president of Old Colony Laundries, Quincy, Mass. Mr. Neal made the following points:

1. That our business is purely local in character.
2. That the area of competition between laundries is a small one indeed.
3. That laundries do not inject goods into the stream of interstate commerce.
4. That our principal competition is our own customer, the housewife, because these very customers can readily do this work for themselves if our prices and our services are out of line, and not satisfactory.
5. That laundries are truly small businesses.
6. That laundries have an extremely high percentage of labor costs currently being from 62 to 66 percent of every sales dollar.

These statements were made to congressional committees 2 years ago by Mr. Neal and many other representatives of the American Institute of Laundering and are not less true today. In fact there are many additional factors which emphasize the purely local character of this business.

I point out specifically the newest threat to the unemployment of more than 225,000 people in the form of neighborhood coin-operated laundry-machine installations. These plants employ no labor and as a result undersell our service industry which has the labor costs in addition to the investment on the part of the owner.

As I have stated previously, automation, in this case the coin-operated laundry machine, is in competition with laundry workers regardless of any statutory edict.

Any rapid and sudden increase in coverage of the Fair Labor Standards Act which will accelerate this trend will cause serious hardship for countless individuals.

Again, Mr. President, I draw on my own experience of a lifetime. There are many, many departments in the average American store today, of any

type, which can sell merchandise by automation. For instance, the notions department, where our wives buy thread, needles, ribbons, and so forth, is such that every item in the department could be sold by automatic vending machines. Much of the merchandise sold at a cosmetics department could be sold by vending machines. Much of the merchandise displayed in a men's department, in a haberdashery, could be sold by vending machines.

The retailers of America do not like to use vending machines, because they lose a part of the personal contact which has made them an integral part of our whole system of manufacturing and selling, but exactly as this has happened in the laundry business so it will happen in the retail business, and we will find vending machines replacing people. This is not simply an idle statement on my part. I think today some of the most profitable investments on the stock market are to be found in the companies making vending machines, because there has been such a tremendous increase in the demand for the machines.

Mr. President, an examination of the committee bill shows that businesses brought under the act would be confronted with a far greater wage cost increase than one might expect. It would not only involve raising the wages of those earning less than the minimum, but would also mean an upward wage adjustment for higher paid employees. To absorb the cost of an increase the small merchant or retailer is faced with two alternatives: to increase his prices or reduce the number of his employees. In fact, there may be a third alternative—he can go out of business. It is often impossible for an individual manufacturer to pass added costs on to the consumer by increasing the price of his product. An increase in the price of his product might well place it out of competition with similar products or might cause the consumer to purchase a substitute product. If an employer is forced to reduce his staff in order to meet the additional expense, the result is increased unemployment throughout the Nation.

THE DEFINITION OF "ACTIVITY AFFECTING COMMERCE"

Mr. President, I have commented on this before, but I wish to go into it again because I think it is really the dangerous part of the legislation proposed. I refer to the definition of "activity affecting commerce."

The committee bill, subject to certain limitations based on dollar volume of business, extends coverage to "enterprises engaged in any activity affecting commerce." This phrase is defined in the bill to include "any activity, business, or industry in commerce or necessary to commerce or to the production of goods for, or the distribution of goods in commerce."

The Congress has drawn definite boundaries within which it intended minimum wage protection was to be applied. To expand these boundaries indefinitely would obliterate any distinction under the law between interstate

and intrastate commerce. This new coverage provision would give the Federal Government drastically broad authority over local and intrastate businesses. Furthermore, because of this deep Federal encroachment into the "intrastate commerce" of the States it raises serious questions about the constitutionality of the new coverage proposals in the area of wage regulation. True, the Supreme Court has sustained the constitutionality or equally broad Federal jurisdiction in the National Labor Relations Act, which deals with labor disputes which Congress has found to constitute a burden on, or an interruption of, or an interference with interstate commerce. But there are serious questions whether such broad Federal jurisdiction is equally lawful in an area such as the regulation of peacetime wages. The contrast in scope between the new proposals and the present jurisdictional standards of the Fair Labor Standards Act is so great as to be shocking. The present law applies only to employees who are actually engaged in interstate commerce or in the production of goods for interstate commerce. The proposed coverage would regulate the wages of many employees whose connection with interstate commerce is either remote or nonexistent.

In analyzing the scope of the new coverage proposed by S. 1046, the original from which the committee bill developed, Mr. Eugene B. Sydnor, president of Southern Department Stores, Inc., a member of the Virginia State Senate, speaking for the Chamber of Commerce of the United States, made the following statement:

As a State legislator I am very conscious of the provisions of the Federal Constitution that assign to the Federal Government in fields of business and trade control of interstate commerce.

Under our constitutional form of government, powers not delegated to the Federal Government are reserved to the States and these include supervision of local or intrastate commerce.

However, S. 1046 proposes by Federal action to apply nationwide uniform regulations to these basically local activities, and if enacted could mark the passing of the last frontier between the proper legal functions of State governments and an all-powerful Federal bureaucracy constantly extending its power.

Furthermore, another extremely undesirable nature of the fundamental change proposed by S. 1046, is involved in the fact that 29 State governments have already enacted minimum wage laws which properly concern intrastate and local trade.

It, therefore, cannot be said that this is a field in which the States have failed to act. It would appear that supporters of S. 1046 propose this drastic change in the relationship between State and Federal Governments since they wish to force one overall standard on all business and trade no matter how widely needs and conditions vary in each of our 50 States.

I firmly believe that the State legislatures are the proper bodies to take any necessary action and correct any inequities that may exist in this field.

He further stated that extended coverage would jeopardize employment oppor-

tunities in retail and services trades. He said:

Retailing, for example, offers comparatively good employment stability, as was evidenced during the recent recession. From August 1957 to June 1958, retail employment declined only 1 percent, while manufacturing employment dropped 12 percent.

Also, the retail and service trades are perhaps the major fields for employment of the inexperienced young beginners and older workers, those generally less productive employees, often working on a part-time basis. Nationwide, according to the U.S. Department of Labor, part-timers account for about one-fourth of total nonsupervisory employment in retailing. Most of these employees would be unemployable if they were deprived of employment opportunities in retailing.

All of this—the general employment stability and the opportunities for inexperienced employees—would be seriously jeopardized by extension of Federal minimum wage provisions to the retail and service trades.

As employers are forced to make staff reductions to keep total labor costs in line, the inexperienced employees would be the first to go, followed by others whose productivity is not on a par with the mandatory wage level. Since a great many of these employees could not hope to gain other employment, they would thus be forced out of the labor market entirely.

It seems most unwise to gamble with legislation such as Senate 1046 which undoubtedly would add still more people to the unemployment ranks, thus depriving them of a source of income.

It is estimated that the number of additional employees which will be covered by the proposed amendments will total more than 5 million people. They include not only retail establishments but service industries of a purely local nature including laundries, local transit, and construction. We cannot subscribe to the concept that any of these enterprises are engaged in interstate commerce. Certainly, employees engaged in these activities should be protected by adequate laws enacted by the several States, and there is no reason why the Congress should encroach upon the prerogatives of State legislatures who are in a position to enact legislation which will meet the peculiar local requirements which, of necessity, must vary in each of our 50 States.

The bill would include the employees of local transit companies. Testimony before the subcommittee clearly shows that there are approximately 40 cities in which the dominant transit system is publicly owned and operated. These include New York, Chicago, Los Angeles, Detroit, Cleveland, Boston, San Francisco, and Seattle. The employees of these publicly owned systems constitute more than 30 percent of the total employees in the local transit industry. They would not be affected by any changes in the Fair Labor Standards Act.

The Congress is aware of the difficulties confronting this industry as evidenced by Public Law 757 enacted by the 84th Congress granting a franchise to the District of Columbia Transit System, Inc.

Furthermore, the Congress has exempted the transit industry from the

most recent 1-cent increase in the Federal gasoline tax as a recognition of the extreme problem confronting the transit industry through reduced patronage and steadily rising costs. It is fairly obvious in a regulated industry where increases in rates require the approval of governmental authorities that an increase in labor costs can only result in unemployment, poor service, or bankruptcy.

Our opposition to Federal encroachment on States rights in no way supports inadequate State laws. The following colloquy between Senator GOLDWATER and Mr. Meany expresses our views:

Senator GOLDWATER. I have gone before the legislature of my State the last five terms and begged them to raise that minimum wage.

Mr. MEANY. And still you sit here and say that it should be left to the States.

Senator GOLDWATER. I say it should be left to the States. And I also said this to you, if you remember—

Mr. MEANY. How many years will you have to go to the legislature before you decide something should be done here?

Senator GOLDWATER. Let me finish—and then I will try to answer the other questions you have put to me. I have also told the States if they did not act in this field, the Federal Government will have to act in this field.

So I am not sitting here as a complete advocate of State rights. I recognize the need for meeting minimum wages, just as well as you do. I approach it in a different way.

INJURIOUS EFFECT ON SMALL BUSINESSMEN

We believe that any change in the present definition of "activity affecting commerce" as is proposed by the committee bill would bring thousands of local, small businesses within the act and impose requirements on them that would result in severe curtailment of employment. We recommend the present law remain unchanged.

As we have already indicated, the inclusion of retail and service industries, laundries, construction firms, and local transit companies imposes burdens on numerous small firms who are not in a position to assume these burdens and remain in business. The problems of the small businessman in meeting the requirements of this proposed legislation were discussed during the course of the hearings.

Since the bill would exempt employees in enterprises with sales less than a given amount, it would have a very arbitrary impact upon different industries. A few salespeople could readily account for the minimum specified in the bill in terms of jewelry or furs. On the other hand, a far larger number would be required to produce an equivalent amount of sales in cosmetics, drugs, and similar products.

Small businessmen in competition with chainstores and other larger firms must meet prevailing wage scales if they are to attract and retain competent employees. The dollar exemptions provided in the proposed legislation are meaningless inasmuch as every small firm, regardless of its size, will have to conform

to the minimum wage imposed on its larger local competitor.

Senator PROUTY expressed serious concern at the problem confronting the small businessman who must expand if he is to maintain his position in the competitive world.

He said:

And so we are trying to arrive at a fair average which will enable the small businessman to stay in business.

The Congress in recent years has given serious concern to the problems which confront small business in assuming its proper role in our ever-changing economy. The imposition of higher minimum wages and the inclusion of millions of presently uncovered employees, most of whom are employed by small business firms, will have a serious effect on the survival of the small business community. Small business receives no benefit if the Congress conducts studies through the small business committees of both houses on its special problems if it simultaneously imposes insuperable burdens through legislative fiat.

While we have been principally concerned with the impact of this proposed legislation on small business firms, its enactment will involve a substantial increase in the budget and personnel of the Department of Labor charged with the enforcement of this legislation.

The President requested more than \$11 million for the Wage and Hour Division in the Department of Labor in the 1960 budget. The average number of employees recently was in excess of 1,300. Expanding the coverage of this act will necessarily entail a large increase in personnel to develop interpretations for newly covered industries and to insure compliance.

At a time when every effort is being made to reduce unnecessary budgetary expenses, we cannot lightly accept the imposition of these additions to the budget which the record does not indicate would serve any useful service.

Mr. President, before I conclude this part of the discussion—and I have quite a bit more to present before I do so—I wanted to mention one thing that the proponents of this bill constantly overlook in discussing the retail field. About 26 percent of the dollar of the housewife goes to retail establishments such as department stores.

In addition to their salaries, commissions, and so forth, those who work in such retail establishments receive a very decided advantage in the purchase of needed items, such as clothing, through substantial discounts given by firms. The discount varies. I know some retail stores that give their employees merchandise at cost. I know others that give them merchandise at cost plus 10 percent, or cost plus 20 percent. If we realize that 26 percent of the employee's dollar will be spent in an establishment such as the one in which he or she is working, we can very readily see that that particular employee is making far more than what he receives in his pay envelope.

This is something which has been entirely overlooked by the proponents of

the legislation, by those who charge that the retail industry pays an abnormally low salary. That is a charge which I do not agree with, and which no figures can substantiate.

ANALYSIS OF SPECIFIC PROVISIONS OF THE COMMITTEE BILL

AMENDMENTS CHANGING THE INTERSTATE COMMERCE PROVISIONS OF THE ACT

As the law stands today, it applies only to an employee who is himself engaged in interstate commerce or in the production of goods for interstate commerce, so that some employees of an employer may be covered and others not. Under the proposed bill, however, coverage would be tremendously expanded as follows:

First, the wage and overtime provisions—sections 6 and 7 of the act—are made applicable not only to those employees presently covered but also to all employees employed in any of the following enterprises which are engaged in any activity affecting commerce: First, retail and service enterprises having gross annual sales of at least \$1 million; second, laundries and drycleaning enterprises having gross annual sales of at least \$1 million; third, local transit enterprises; fourth, construction industry establishments having gross annual sales of at least \$350,000; fifth, any establishment besides those which are part of an enterprise just listed doing a gross annual business of at least \$250,000 and having at least one employee engaged in interstate commerce or the production of goods for interstate commerce; and sixth, any gasoline service establishment having annual gross sales of not less than \$250,000.

Second, the term "activity affecting commerce" is defined in a new section 3(s) about as broadly as possible, and significantly, much more broadly than under the Taft-Hartley Act. Thus, it is defined to include any activity "necessary to commerce."

The above changes themselves bring about a very wide expansion of coverage. As the Supreme Court has noted, the present coverage of the act is not co-extensive with the limits of congressional power over interstate commerce. But under the above changes, it would be impossible to conceive of any business within the congressional power over interstate commerce that would not be covered so long as it did a gross annual business of \$250,000 or more.

This is important for Senators to recognize, that while we provide specific exemptions, these exemptions can be and will be destroyed by the phrase "affecting commerce."

Mr. BUSH. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. BUSH. Does the phrase "affecting commerce" imply interstate commerce at all times? The language in the bill is "activity affecting commerce." My question is whether that means commerce or interstate commerce. If it means interstate commerce, why does not the bill so state?

Mr. GOLDWATER. I will read the definition contained in the bill:

"Activity affecting commerce" includes any activity, business, or industry in commerce or necessary to commerce or to the production of goods for, or the distribution of goods in commerce.

Heretofore the act has not had such broad application as the language contained in the Taft-Hartley Act, which referred only to interstate commerce. Now the language is "affecting commerce." I defy anyone to tell me a single activity in this country that does not affect commerce.

Mr. BUSH. I have read the bill, so I am quite familiar with it. When I read that language in the bill the question came up in my mind whether "activity affecting commerce" implied interstate commerce. One would think it must so imply, because the Federal Government does not have power to regulate intrastate commerce, but only interstate commerce.

Mr. GOLDWATER. The Senator is getting to a part of the bill which I think is very dangerous. Under the act, if passed, the Government would have the right to regulate business which is purely intrastate in nature and intent, by applying the definition contained in the act. The Fair Labor Standards Act, as amended, contains a definition of commerce. It states in section 3(b):

(b) "Commerce" means trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof.

Mr. BUSH. We must assume, therefore, that interstate commerce is implicit in the language "affecting commerce."

Mr. GOLDWATER. Yes. The only reason Congress has for acting in this field is the commerce clause of the Constitution.

Mr. BUSH. I know that.

Mr. GOLDWATER. I do not agree with the philosophy of the Government's regulating wages. However, if I did, I would certainly want to strike from any bill language as broad as "activity affecting commerce." If it merely said "commerce" and it contained the definition of section 3(b) of the Fair Labor Standards Act of 1938, as amended, those who agree with that approach could find no quarrel with it. Those disagreeing with it, could find a quarrel with any part of it.

This is the broadest possible language. It is the broadest interpretation ever placed by the Supreme Court upon the responsibility of Congress under the commerce clause. As I said earlier, the boy who shines shoes in Phoenix, Ariz., and who buys a can of shoe polish made in Ohio, is affecting commerce, and could come under the definition of this phrase.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. Is it not a fact that one of the most disturbing factors about this whole subject is that there are so many businesses affecting commerce in

some way, perhaps in some minor way only, which will never know, until a case affecting them has gone to our highest Court and been passed upon, whether they are indeed and in fact within the purview of the act?

Mr. GOLDWATER. I believe the Senator is right, although I think existing decisions of the Supreme Court are broad enough so that a businessman can pretty well judge whether or not he would come under the term "affecting commerce."

Let us take, for example, a small shoe store in Miami, Fla., which buys its shoes in St. Louis. If it were left under the definition that now exists, it would be pretty hard to stretch the language to apply in this case. The Supreme Court would have to work overtime to stretch it that far. Of course it can do a great deal of stretching, but I doubt that it could stretch that far to include a little shoe store in Miami.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. Is it not a fact that those decisions of the Supreme Court referred to by the distinguished Senator, which pronounce the doctrine that a business "affecting commerce" might come within the interstate commerce clause, have to do with other subjects and other fields than the fields covered by the Wage and Hours Act?

Mr. GOLDWATER. Oh, yes; they apply to the Labor Relations Board and its problems.

Mr. HOLLAND. Is it not true that in this field Congress has very carefully avoided going into such a broad and controversial coverage by the very definitions that it used in 1938 in the passage of the law and in 1949 in the amendments of the law, and in the other amendments which I believe did not go quite so far in this field as did the original enactment or the 1949 amendments?

Mr. GOLDWATER. The Senator is correct. The Senate and Congress have a long history of care and restraint in this field.

Mr. HOLLAND. Is it not true that in 1949, when some of the zealous advocates of greater Federal Government tried to plunge this act into a much greater field of activity, one of the things they did was to try to use this more general and more argumentative term affecting commerce? And is it not true that the Senate at that time rejected that effort by a vote of better than 2 to 1, after extensive debate?

Mr. GOLDWATER. I was not present at the time; but in reading the history of the act, I certainly must agree that that happened. In fact, there were other occasions when the Senate resisted the efforts of the proponents to put into the act language affecting commerce.

While I disagree completely with the whole philosophy of Federal regulation of wages, even if I agreed with it, I would have to resist to my utmost the term "activity affecting commerce." To me, this opens up the door for Federal regulation of wages and prices and of conducting all business.

I can see no end to the Federal Government's following through, if they get this crack in the door of our economic system. I think it is the most dangerous thing contained in the bill. We can forget all about the inflationary aspects; we can forget all about the unemployment problems which exist; but when we get into activities affecting commerce, we are just about destroying the 10th amendment of the Constitution.

While the courts have been attacking that amendment, while the proponents of centralized government attack that amendment, while the proponents of Federal everything attack that amendment, the 10th amendment, to me, is the keystone of our Republic. If that goes, we go. I think that this is probably the opening wedge, the opening of the door, to completely negating the amendment to the Constitution which provides clearly that the powers not given to the Federal Government shall remain with the States. Certainly a State has the right to regulate the commerce which goes on within its borders. The Federal Government has no right to step into any State and to regulate the business which is carried on within that State's borders.

However, under the definition "activity affecting commerce," the Federal Government not only can regulate the business within a State; it will. I can see those bureaucrats sitting downtown now, licking their chops. They are going to go into the 50 States, not with 1,500 employees; this will be one of the greatest bureaucratic plums in the history of bureaucratic government. They are ready to hammer the businessmen of the United States over the head and make a socialized economy.

Mr. HOLLAND. Mr. President, will the Senator further yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. Is it not true, as shown by the excellent address being delivered by the Senator from Arizona, upon which I compliment him, that even those who suggested the original minimum wage bill, the distinguished former President, President Roosevelt, and the distinguished present Justice of the Supreme Court, then Senator Black, made it very clear in the original presentation of the act that they wanted to preserve and keep inviolate from Federal intervention, from Federal control, those businesses which are carried on, in the main, within State lines?

Mr. GOLDWATER. They were extremely careful to make certain that the language of the act applied only to those businesses which the Constitution gives Congress not only the right but also the obligation to regulate. They had no intention of doing otherwise. I cannot find, from a reading of the legislative history, any intent to expand the commerce interpretation in the broad way that the bill now before us has expanded it.

Mr. HOLLAND. Is it not a fact that if this entering wedge, taking over some 5 million employees and the businesses which employ them, which are included afresh in this field of Federal jurisdiction by the terms of the bill, becomes an actuality; if this definition which is a part of the bill is enacted under the same

philosophy, the field of extension of control of the Federal Government to employers and employees generally in businesses that have customarily been regarded as intrastate commerce or State commerce, and are at this time preserved from Federal regulation and control under the present Wage and Hours Act, would be so generally opened that the Federal Government could go into any of them upon the mere inclusion of a minor amendment in the bill?

Mr. GOLDWATER. The Senator from Florida is absolutely correct. Again, this is the danger. Let us forget that we are talking about increased coverage and a \$1.25 minimum wage, or what the bill will do for people who are working, or what it will do about inflation.

This is the gimmick in the bill which frightens me more than anything I have seen in legislation since I have been in this body, in the last 8 years.

This, to me, is exactly what the proponents of an all powerful Government have been looking for. This is about the last field where they do not have power to work into our businesses and into our States. They have been able to get into the communications system and the transportation system, but we have been able to prevent them from meddling with purely local business because of the 10th amendment and because of the definition of commerce contained in the Fair Labor Standards Act of 1938, as amended.

But pass this bill, and there will be no end of Federal intervention.

I hope amendments will be made to the bill. The end of this type of legislation is Federal control. We cannot control one segment of the American economy—wages—without eventually controlling prices, because the two are very closely related.

As one Member of this body has suggested, we have heard a suggestion on the floor that the Federal Government pay the salaries of those people who work for employers who feel that they cannot pay the increased rate and stay in business. I do not know of any broader interpretation of socialism than that. I do not know of any better way to destroy the American free enterprise system than to allow the meddling hand of the Federal Government, be it under a Republican or a Democrat administration, to reach down into the Senator's State of Florida, my state of Arizona, the State of the Senator from Connecticut [Mr. Bush], the State of California, or any other State, and start fooling around with the business structure, which the Constitution never intended the Federal Government should even come close to.

I think this provision is so dangerous that all Senators should read it and understand what its effect would be. Then they should cogitate seriously as to whether they want to have such a provision contained in the act. Efforts will be made to strike this provision. I hope they will be successful, because I think the meaning of our Constitution has been attacked long enough. The Constitution will not stand much more tampering before it falls apart.

I recall that I put my hand on the Bible when I came here and swore to uphold and defend the Constitution of the United States against all enemies, foreign and domestic. If this provision is not an enemy of our Constitution, I do not know what it is. I cannot conscientiously vote for legislation which will destroy one of the most important amendments of the Constitution—the 10th amendment.

Mr. HOLLAND. Mr. President, will the Senator further yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. Is it not a fact that the philosophy embraced in the prospect of extending the field of Federal regulation to businesses has always been regarded as State and intrastate business, and that its enactment is an open invitation to the Federal Government to exercise jurisdiction, control, supervision, and regimentation over all the businesses of our Nation, including both employers and employees, in the most plenary way?

Mr. GOLDWATER. It is not only an invitation, it is a beautifully engraved invitation. It can be misunderstood by no one. Those people in Government and outside Government, who want to centralize all power on the banks of the Potomac, must be enraptured today by the thought that they might get this gimmick through the Senate of the United States. I do not believe the Senate will accept this proposal.

Mr. HOLLAND. I certainly hope the Senator is correct in his appraisal of the sentiment of the Senate. I commend him warmly. I think that not only his speech as a whole, but this particular part of the speech, especially, is rendered in the best tradition of patriotic Americanism. I commend the Senator with all my heart.

Mr. GOLDWATER. I thank the distinguished Senator from Florida. He has always recognized, more quickly, I think, than most of us, the dangerous gimmicks which are hidden in some of the proposed legislation which comes before us. It is to his eternal credit that he has fought, ever since he has been a Member of the Senate, to keep this Government within its constitutional bounds.

I shall continue with my critical analysis of the bill.

Third, the bill in major part does not simply cover the particular establishment which is in interstate commerce or producing goods for interstate commerce or engaged in an activity affecting interstate commerce. Rather, it covers the entire enterprise of the employer—even those of his establishments not so engaged.

These several changes, it would appear, expand the concept of interstate commerce beyond such concept as found in any existing Federal law.

As pointed out above, the bill is extraordinarily far reaching in expanding the coverage features of the act. It would cover the following presently non-covered employees:

First. Employees of an employer in the construction business who are engaged in erecting, maintaining, or repairing

dwellings, apartments, hotels, churches, schools, and new factory buildings. It would simply be necessary to show that the employer's enterprise has some activity somewhere which affects commerce and that his enterprise does a gross annual business of \$350,000. A substantial segment of those in the construction industry would satisfy these tests, because many of them have at least one employee who receives some materials from out of the State, and do a gross annual business of at least \$350,000.

Second. All employees of virtually all wholesale establishments even if they deal exclusively with the wholesaler's goods after they have come to rest at his place of business. It would be a rare wholesale establishment which did not have a gross annual business of at least \$250,000 and which did not have at least one employee receiving goods from outside the State.

Third. All employees of banks, insurance companies and real estate firms, many of whom are presently not covered because they are not themselves engaged in interstate commerce or in the production of goods for interstate commerce.

Fourth. All employees of hospitals, most of whom are presently not covered. Most hospitals certainly do a business of at least \$250,000 a year and have at least one employee receiving supplies from outside the State.

The bill would also cover all the following, if the establishment had one employee receiving goods from outside the State and did a gross business of \$250,000 per year:

First. All employees of local fertilizer companies engaged in selling all their fertilizer to local farmers within the State.

Second. All employees engaged in providing residential, eating or other living facilities for other workers.

Third. All employees of local window-cleaning companies doing business wholly within the State.

Fourth. All employees of a local independent nursery concern.

Fifth. All employees of a local exterminator service firm, who work solely within the State exterminating pests in private houses, apartments, hotels, barbershops, colleges, and hospitals.

Sixth. All employees of a local architectural firm.

The foregoing examples are illustrative only. Prior to the 1949 amendments to the act, all these activities were construed by the Administrator and the courts to be within the act's coverage. Congress was alarmed by this expansion of coverage into local areas through administrative and judicial fiat. In the 1949 amendments, Congress made clear its displeasure with these and similar interpretations and amended the act so as to establish beyond doubt that the law was not to be considered applicable to them or any other local activities. It directed the Administrator instead to apply the law within the bounds originally contemplated, which did not include local business—see House Conference Report No. 1453, 81st Congress, 1st session, pages 14 and 15.

The present bill would not only turn back the clock and once again make all

these activities subject to the act, but would go further and cover virtually all business.

As already noted the bill would apply to the employees of virtually all wholesalers—even those who deal with goods after they came to rest at the wholesaler's place of business. But such employees would have their minimum wages and maximum hours set according to the sliding scale set forth in the bill, viz: first year, \$1 per hour and no limitations as to workweek; second year, \$1.05 per hour and 44 hours per week; third year, \$1.15 per hour and 42 hours per week; fourth year and thereafter, \$1.25 per hour and 40 hours per week.

On the other hand, other employees of the wholesaler—those who are themselves engaged in interstate commerce because they receive or unload goods received from outside the State or keep books as to the receipt of such goods—would be entitled to wages of \$1.15 per hour immediately upon the effective date of the act, \$1.20 a year later, and to \$1.25 per hour 2 years later and thereafter. Also, overtime compensation would be payable to them after 40 hours of work in a week.

The same injustices would exist in virtually every establishment which had some employees not themselves engaged in interstate commerce or in the production of goods for interstate commerce and other employees who were so engaged, for example, banks, insurance companies, and real estate companies. It is not too much to say that this discriminatory effect would be felt in virtually the entire gamut of American industries.

II. DISCRIMINATIONS, INEQUITIES, INCONSISTENCIES, AND OTHER DEFECTS

The separation of enterprises into covered or noncovered categories on the basis of a volume-of-business test is unfair and arbitrary. There is no showing that this test bears any relationship to an enterprise's ability to pay the higher wage or that it otherwise comes to grip with realistic business factors. The former employee test of commerce applied whatever the volume of business. To depart from this test and substitute an arbitrary dollar figure for all enterprises is clearly unsound and harshly discriminatory.

The dollar-volume test for determining coverage of the retail and service industries will not bear scrutiny. Employees of a local business which does an annual volume of \$1 million, are likely to have the same working conditions as employees of a local business which does a smaller annual volume, so that there is no basis to discriminate between the two. But under the bill, the independent dry goods store or department store doing an annual volume of under \$1 million will not be covered by the act, while the dry goods store or department store across the street, which does an annual volume of \$1 million will be covered and ultimately subject to a \$1.25 minimum and premium pay for overtime.

Section 3(m) of the committee bill excludes from the term "wage," board and lodging which is not covered as a part of a collective bargaining agreement covering particular employees such

as those working on construction projects in Alaska. The purpose of this section is clearly to exclude these fringe benefits from being considered for overtime purposes. Yet when the minority offered an amendment which would have exempted any employee who was represented by a certified collective bargaining agent, it was roundly defeated by the majority on the grounds that an employee should not be denied the protection of the act simply because a collective bargaining contract provides for less than the prevailing minimum.

Section 3(t)(3) provides coverage of enterprises engaged in operating streetcar and bus lines without any dollar limitation. Every other section of the proposed new coverage provides a dollar cut-off to determine those covered and those not covered. The minority offered an amendment bringing the local transit industry in line with all the other proposed new coverage sections, but it was not agreed to, without any reason being advanced as to why this industry should be covered completely while other industries growing below a certain volume of sales remained uncovered. Discrimination also exists in the treatment of employees within the same industry since those transit companies, municipally owned, would not be covered inasmuch as the term "employer" excludes from its definition any State or political subdivision of a State. Thus, competing transit lines operating in the same geographical area would be treated differently under the committee bill if one were privately owned and the other municipally owned, while taxicab companies enjoy a complete exemption.

Section 3(t)(4) deals with the construction or reconstruction industry. The committee bill originally contained a section covering construction enterprises having annual gross sales in excess of \$50,000, but an amendment was adopted to strike out this provision. However, because of the fact that many construction firms would thereby have been covered under another provision, thus in part negating the amendment adopted by the committee, the minority moved to add a provision designed not to increase coverage in the construction industry. This proposal would have carried out what appeared to be the intent of the committee. Instead of adopting the proposal, the committee reversed itself by reinstating coverage for a substantial segment of the construction industry. However, instead of placing a \$250,000 limitation on construction establishments, the limitation which applies to all other covered establishments, the figure was set at \$350,000, thus destroying such uniformity of treatment as is extended to other industries falling under this provision. While it is true that \$350,000 is just as arbitrary a figure as \$250,000, there is no visible reason why such arbitrariness should not at least possess the virtue of uniformity.

Section 3(t)(5) was added by an amendment offered in committee. This amendment was adopted as a substitute for the minority's proposal to grant a complete exemption from the overtime and minimum wage provisions for employees of gasoline service stations. The

intended effect of the committee amendment is to exclude from coverage all individual gasoline stations regardless of the ownership of the station. Many large oil companies own and operate chains of gasoline service stations. Every one of these stations which has less than \$250,000 in annual gross sales would not be covered under the committee amendment. Thus, a station doing \$249,000 annually, which is part of a large chain, would have a competitive advantage over a small independently owned Main Street station located next door, doing \$251,000 a year. Here is a perfect illustration of the inconsistency contained in this act; employees of a station which is part of a giant oil company are not given the protection of the act while a small independent competitor must pay all his employees at least the minimum wage. Even more startling, in this light, is the treatment accorded an amendment offered by the minority prior to the adoption of the above.

This amendment would have provided an exclusion from coverage for all retail and service establishments doing less than \$250,000 in annual gross sales. Its purpose was to protect those retail and service enterprises, some of whose establishments are located in small communities and practically all of whose sales are made not only within the State, but within a local market area. This amendment, which applied to the whole broad field of retail and service was emphatically rejected by the majority. Yet the committee adopted the principle of the minority amendment, but limited it solely to gasoline service station establishments, which is so poorly drafted that it probably does achieve its intended purpose. No evidence of any kind whatever was ever submitted justifying such discriminatory treatment of retail and service businesses outside the oil industry.

Equally unsound is the proposition that coverage should be extended to an entire establishment merely because one employee in the establishment is covered. If it is desired to cover the entire establishment, it would seem that the establishment's relationship to commerce should govern. To drag in all personnel of a business establishment based on one employee's activities is completely unrealistic.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. In interpreting the provision which the Senator has just read from the bill, is it his understanding that businesses which are presently exempt by reason of the fact that most of their volume of business is in local intrastate business, but which may have one or two employees engaged in interstate business, will find themselves wholly within the purview of the Fair Labor Standards Act?

Mr. GOLDWATER. The Senator is correct. I brought out the illustration of the warehouse that could have one employee handling goods as they came off a truck which had come across a

State line and who moved those goods into bins in the warehouse. That one employee could require the entire establishment to be brought under the purview of this act.

Mr. HOLLAND. Will the Senator yield further?

Mr. GOLDWATER. Yes.

Mr. HOLLAND. Let us take the example of a laundry located in a city near a State line, with one truck that goes across the State line to pick up laundry and to return it there when it is clean. Would the fact that one operator or one employee was engaged in interstate business in that way operate so as to bring the entire personnel of the company under the provisions of the Fair Labor Standards Act, even though now the company is exempt because that one employee produced only a very small percentage of the total business?

Mr. GOLDWATER. The Senator is correct. This term "affecting commerce"—we keep coming back to it—is the joker that really makes a mockery out of exemptions.

Equally unsound is the proposition that coverage should be extended to an entire establishment merely because one employee in the establishment is covered. If it is desired to cover the entire establishment, it would seem that the establishment's relationship to commerce should govern. To drag in all personnel of a business establishment based on one employee's activities is completely unrealistic.

I repeated that paragraph to emphasize my answer to the very proper question the Senator from Florida proposed.

Moreover, the employer here will be faced with the gravest problems. The point was made that the Labor Department now has great administrative difficulties because some persons in a given business are covered while others are not. Whether or not this is true, present difficulties fade into insignificance when compared to what the employer will face in trying to determine when and in what weeks his employees will be covered. In one week, for example, an employee of a warehouse may handle mail or materials from out of the State. In such a week all his employees may, because of this, be due the minimum wage and overtime pay. The following week, however, neither this employee nor any other employee may handle out-of-State mail or shipments. In this week none of the employees will be covered. Of course, the employer must also consider whether his sales for the year will amount to \$250,000—\$350,000 for construction establishments. Since, however, this is a yearly test, he will not know until the year is up whether his establishment is covered or not.

I merely mention that to show the ridiculousness of this approach. The businessmen of this country are going to be driven crazy to try to keep ahead of the law. Nobody wants to violate the laws of this country, but if this bill becomes the law, a man may have done \$200,000 worth of business last year, and then he finds a new outlet results in his doing \$300,000 worth of business. All that year, up to that time, he thought

he was in a \$200,000 business, so he has not been paying the minimum wage or complying with the other provisions of this law. All of a sudden he finds he has violated the law. Down come the people from Washington parading into his office with subpoenas, and other papers, and alleging that the man is a criminal because he has violated a law that is so complex that it would take 10 Philadelphia lawyers to decipher it.

III. CONCLUSION

We support every measure which will enhance the economic welfare of American workers, who constitute the vast majority of our entire population. Since earliest times, we have been a country that has been characterized by the absence of class distinctions. We believe that sound economic and fiscal policies that will insure a high level of general business activity will assure remunerative employment for most of our citizens.

But the committee bill runs contrary to these sound principles out of which the enormous expansion of our economy and our prosperity has developed. Moreover, it constitutes a graphic illustration that once Federal welfare legislation is enacted, it becomes well-nigh impossible to repeal it when the need which brought it into existence has disappeared. As a matter of fact, such legislation is often carried into and applied to conditions and circumstances which are directly contrary to those which gave rise to the legislation in the first instance. And it sometimes happens, as in the committee bill, that these provisions, which time and change of circumstance have rendered completely inappropriate, are not only retained but even more widely extended.

Thus, when the Fair Labor Standards Act was originally enacted in 1938, provision was made requiring the payment of a premium wage rate of 1½ times the regular hourly rate for overtime; in other words, for all hours worked in excess of 40 a week. The legislative history of the act makes it abundantly clear that the purpose of this provision was to discourage overtime work in order to spread employment as widely as possible in a period of profound economic depression and widespread unemployment.

That requirement is still in the law despite the disappearance of the conditions from which it arose and which, in the opinion of its sponsors, constituted its justification. With the country enjoying, as it has for the past 8 years, the greatest economic prosperity in its history, this mandatory payment of premium overtime pay is still the law. It no longer has the slightest relevance to its original purpose, but rather has come to be looked upon as a vested right. Many workers now regard overtime work, because of the premium pay, as something valuable and it is much sought after. There have even been strikes against employers who, for one reason or another, have eliminated overtime work.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. In the experience of the Senator from Florida in this field,

which has not been great, the Senator from Florida has had several employees from several different establishments complain because they were not allowed to work overtime, because such overtime employment involved time and a half pay. Has the Senator from Arizona run into anything like that in his much broader experience?

Mr. GOLDWATER. Yes. That is a very common "gripe," if I may use an old GI term, among the people who work. They seek overtime.

The original purpose of the act was to discourage overtime and to require an employer to hire more people. Today, I will not say that most, but many, many employees seek overtime work. Instead of forcing the employer to hire another man, the employee will say, "I will take that overtime job, because it means more pay." I cannot blame the employee for that. Time and a half pay is very good pay, on most hourly rates. At the same time, this man, with no intention of being selfish, is denying another American a job.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. I was not thinking of the matter from that point of view so much as from the point of view of the man who desires to make a little extra pay and needs to make a little extra pay for a particular need for extra cash at home, who is not allowed to earn the money. Why is that? It is because the employer does not wish to pay time and a half for overtime. The employer has other employees who have not worked 40 hours in the week, who may do just as good a job. While the employer would be glad to accommodate the employee who is willing to work 44 hours or 48 hours or more—and there are many such still, thank the Lord, in our country—he has to let the man work only 40 hours, rather than subject himself to time and a half pay.

Mr. GOLDWATER. That is correct.

Mr. HOLLAND. Has the Senator run into that situation?

Mr. GOLDWATER. Yes. We run into that situation all the time in the Committee on Labor and Public Welfare, in the letters we receive from people around the country objecting to this practice.

As I said, this has actually been the cause of strikes. It has been the "stickler" in many bargaining table meetings, for the employer does not want to pay overtime. The employer feels every employee can do his job in 40 hours. If an employer has to ask a man to work overtime, certainly he should pay him for that.

Those types of situation always arise. In a lot of industries today a man may work not an 8-hour day, but a 12-hour day, or an 18-hour day, or a 24-hour day, and the man may demand overtime. Under many agreements the man has to be given overtime. That not only destroys the original intent of the Fair Labor Standards Act on this particular area, but it also works an added hardship on the fellow workers as well as the employer.

It is hard to imagine a development in the application of our Federal law which constitutes a more flagrant perversion of the law's purpose.

I refer to that section of the Fair Labor Standards Act which stated that the original purpose of the act was to get more people working.

When the Fair Labor Standards Act was adopted in 1938, organized labor was weak, small in numbers, and obviously incapable through its own efforts of improving the economic lot of American wage-workers. A few unions managed to protect the wage and working standards of their own employed members, but were helpless to aid the vast masses of unorganized and unemployed workers. Since then, organized labor has grown from about 3 million to over 16 million—nearly 18 million—members. The overwhelming majority of these unions are strong enough to protect the interests of their members and the additional numerous employees they represent. Through the processes of collective bargaining they are generally capable of securing for them wages and working conditions well above the requirements of the wage-and-hour law, and where necessary, as has happened occasionally, if rarely, to contract collectively for wages below the statutory minimum where a higher rate would merely drive the employer out of business with a consequent loss of jobs for their members and other employees whom they represent.

This is as it should be, and is entirely consistent with the national policy to encourage collective bargaining as the means not only for settling labor disputes but for determining wages and working conditions. The labor union leadership has insisted emphatically that there should be a minimum of government intervention in the collective bargaining process. It has bitterly criticized certain provisions of the National Labor Relations Act as removing some issues from the area of collective bargaining and asserted that the Government should remove itself from this area by repealing these provisions, thus making them proper subjects of collective bargaining.

Minimum wages and premium overtime pay are terms and conditions of employment removed from the area of free collective bargaining and imposed by Federal law. The necessity for preserving these statutory requirements in situations where collective bargaining actually exists or is legally required is not only contrary to the considerations which led Congress to enact the Fair Labor Standards Act, but constitutes a negation of the Federal policy to encourage collective bargaining.

Mr. Meany implicitly recognizes this to be true. In his testimony before the Senate Labor and Public Welfare Committee in 1957, he declared:

Let me make it clear that we are not coming here to ask Congress to enact a pay raise for union members. The wage standards of union members for the most part are considerably above the present \$1 an hour Federal minimum. We are speaking here for the unorganized worker who, because he is unorganized, must look to Congress for alleviation of his substandard conditions.

And again:

And this law (the Fair Labor Standards Act), this law runs right to the bottom of the structure.

As I point out, this does nothing directly for the people who are organized. People who are organized have been able to take care of themselves to a degree. They at least have somebody to talk for them, and this bill does not directly affect their wages.

Mr. Meany's statement here, although admitting that this legislation is not necessary for employees who have unions to represent them in collective bargaining, is nonetheless somewhat disingenuous. He says it is not directly beneficial to organized workers. The only thing he can mean by the use of the qualifying terms "nothing directly" or "not directly" is that although the minimum wage requirements of the law give nothing to unionized workers, it does help the more highly paid employees to insist upon wage increases necessary to preserve the differentials between themselves and the lowest paid workers in the bargaining unit.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. Did I not correctly understand that in an earlier portion of the Senator's address the Senator quoted Mr. Meany's testimony before the committee this year, which indicated that the salaries of all workers were keyed to the minimum wage?

Mr. GOLDWATER. The Senator is absolutely correct. Mr. Meany was followed by Mr. Greenberg of the Retail Wholesale and Department Store Union, who testified immediately afterward. It appears in that relationship in my discussion.

Mr. HOLLAND. While the distinguished labor leaders were stating, as they did, that the act would not directly affect workers who are in unions, they also stated—and their two statements must be taken together—that while the contracts made by the unions provide for much higher wages than the minimum, those contracts and the wages set therein are keyed to the minimum wage and are affected by any upping of the minimum wage.

Mr. GOLDWATER. The Senator is absolutely correct. This again gets at the heart of the proposal. The fact that we raise the minimum wage I say automatically raises every other wage, whether it is earned or not. It is not the dollar and a quarter as it relates to the dollar which is important, it is the overall total bill which is presented to the American public in the form of increased labor costs.

Thus, the minimum wage law not only has the effect of assuring a minimum wage for low-paid employees but of increasing the leverage for wage boosts for employees who already receive in excess of the statutory minimum, as Mr. Meany plainly implies. This result was certainly never intended or contemplated by the progenitors of the legislation, who, in 1938, were seeking protection for the great masses of unorganized workers, helpless because of depression, unem-

ployment, and union weakness, to raise their wages without the aid of Federal law.

We have consistently supported collective bargaining as the most satisfactory method to distribute equitably the fruits of our expanding economy. Consistent with this point of view as well as with our national labor relations policy as expressed in Federal law, we offered an amendment in committee to exempt from the application of the Fair Labor Standards Act any employee represented by a collective bargaining agent with whom the employer is compelled to bargain collectively pursuant to the provisions of the National Labor Relations Act. This amendment which would have removed our already overextended Federal bureaucracy from one corner of our economy, and substituted the processes of free collective bargaining therefor, was rejected by a majority of the committee.

In conclusion we wish to declare our belief that where, in times of peace, a governmental responsibility exists, because of economic depression or the absence of union organization, to help working people, it is the responsibility of each State, to its own citizens—and not of the Federal Government—to provide minimum wage levels that are consistent with health and decent living standards. We also believe, however, that it is ultimately futile for either the States or the Federal Government to attempt to repeal natural economic law or to legislate prosperity. Such methods have been tried throughout recorded history and they have always resulted in inflation and disaster. This is a course we must not follow. On the contrary, we must exert our efforts to create sound fiscal and monetary policies and establish a climate conducive to economic growth.

I remind my colleagues that from 1932 to 1939 the Federal Government spent approximately 52 percent of its total national budgets on what we might call crutches or props for the economy, and after 7½ years of spending more than 50 percent of the total Federal budgets in these fields, we were still in a depression in which 11½ million people were out of work, and it took a war to pull us out of the depression.

Anyone who thinks the laws of supply and demand can be upset is simply asking for disaster. We are watching what is happening today in the agricultural segment of our economy, in which the Government is slowly but surely stamping out 30 percent of our agriculture.

We have watched England try the same process in various fields, and we have watched England back away from it.

I say to my colleagues that such interference in the economy has been tried time and time again in history.

There is nothing new about a welfare state. Every dictator in history has ridden into power on the welfare state, and while this measure may not tie directly into the popular concept of the welfare state, whenever the Federal Government outgrows its constitutional bounds, we begin to play with disaster.

I suggest that any further encroachment into the field of minimum wage is

precisely a step in the direction of disaster, especially when we recognize the term "affecting commerce."

I say to my colleagues with all sincerity and honesty that what I have said is not a political statement. It is a statement that has been born and nurtured and grown in me as the result of studying history and reading what has happened. This kind of approach has been tried before. It was tried in Babylon; it was tried in Egypt; it was tried in Greece; it was tried in Rome; and in every place where it has been tried the freedom of the people has vanished. I do not believe the United States will be an exception.

I say to my fellow American citizens that we are foolishly playing with dynamite when we inject the Federal Government further and further into our daily lives. I cry out to my colleagues and to all Americans to stop this foolishness. Remember the oath we took to support our Constitution. We swore to protect it and defend it against enemies, foreign and domestic. Yet we stand here on this floor preparing to legislate in a way that will knock one more prop out from under the 10th amendment, which to me, as I said earlier, is the keystone of our free Republic.

I pray and hope that the bill will be defeated. I hope that we can generate enough feeling against it and its dangerous implications that the Senate will very soundly defeat it, to the end that we might stop the constitutional silliness that we in this body have been engaged in for nearly 30 years, and that we can get our Republic back on the path of constitutional government, so that we shall once more recognize the true virtues and strength of the free enterprise system.

I say to my colleagues that if we do so, if we release the full strength of this giant of our economic system, and permit it to operate as freely as it can, we shall do more to combat unemployment, and bring about higher wages, higher profits, and better living conditions in 1 year than any government can ever do in its entire history.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HOLLAND. The distinguished Senator is about to conclude one of the finest addresses I have ever heard delivered on the floor of the Senate. I express to him my very deep appreciation and give him assurance of my unbounded admiration for him. I am glad that he has been willing to assume and continue the responsibility of serving in a very difficult place as a member of the Senate Committee on Labor and Public Welfare, representing, as I believe he does, many of the people in America who decry the very tendencies which are bringing us into difficulty, and which the Senator has so eloquently said will bring us into greater difficulties unless we desist from them.

Speaking as only one voice of the hundred voices in the Senate, I wish to extend my assurance of very warm admiration. I only wish that every other Senator could have been present

throughout the distinguished analysis and address which has been made by the Senator, because I do not believe a thinking person could listen to his statement without realizing that we are being asked to take a very hurtful and destructive step, which I hope we shall not take. I thank my friend the Senator from Arizona.

Mr. GOLDWATER. I thank my good friend from Florida for his kind remarks.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. HICKENLOOPER. I congratulate the Senator from Arizona for placing before the Senate and the American people again some of the most constructive and fundamental philosophy, in the interest of the American system of government, that we have heard for a long time.

We are all aware that for many years the attempt to use emotional appeals to certain groups by way of dangling what one might call the dollar sheaf of oats in front of the animal in order to make him go, has been very popular in political campaigns. It has become popular, I believe, to the detriment of and as a threat to the very vitality of American citizens, as the Senator has stated. As the Senator said also, with the resiliency and the capacity of the American citizen, if the economy is only turned loose and permitted to operate freely, without the dead hand of government and the discouraging hand of bureaucracy hanging over enterprise and venture, we will solve problems which never could be solved under the proposals such as this bill makes to control, to regulate, to stifle, and to discourage adventure and expansion. Adventure and expansion have made this country great. The ability of a citizen, with his own genius and ingenuity, to develop and grow, contribute to his community, and contribute to the well-being and expansion of the economic area in which he lives, gives strength to our whole economic system.

There is another phase. Measures of this misdirected magnitude strike also at the very heart of the Federal system of this Government, which has been the major pillar in the strength of America and our system. As we chip away at the Federal principle which we have in this country, that is, the principle of local responsibility, whether it be State, community, or personal, and as we chip away at the principle of the federalized Government in this country, we move just that much quicker and by that same degree into Federal statism, which means control by the state over the opportunities and the destinies of the people.

As I interpret the Senator's remarks, in addition to their being directed at the particular provisions of the pending bill, to which he objects and to which I in the main object, I believe he is also talking about the political dangers which we face, as well as the economic dangers. I am thoroughly convinced that the enactment of the pending bill as it came out of committee would be the greatest destructive element in curtailing the activities of small business enterprises and new business enterprises in this country that could be devised. I know of nothing

which will inhibit the growth of the small businessman, the small entrepreneur, the small venturer in our economic life, than the saddling upon him of burdens which he cannot meet, and whereby the economics of his competition will be greater than he can stand.

I congratulate the Senator from Arizona not only on his courageous leadership and his activity in the best interest of the American system, but I congratulate him also on his magnificent analysis of the economics and broad basic policies inherent in the proposed legislation, which I believe are inimical to the best interests of the free, competitive society under our American system.

Mr. GOLDWATER. I thank my friend from Iowa.

Mr. SCHOEPEL. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. SCHOEPEL. I did not have an opportunity to hear in their entirety the remarks of the distinguished Senator. However, I wish to congratulate the Senator from Arizona on the part I did hear, and on the bold and courageous method he is using and which he has expressed in his speech today on the floor of the Senate.

I regret that for various and sundry reasons it was impossible to have more Senators on the floor during his entire discussion. I hope that most people will have an opportunity to read in their entirety his remarks, and to note the pitfalls he has pointed out, and the attitude the Senator has been trying to present, in fairness to our great American historical system, which has made this country great.

I pay tribute to the Senator, and I hope that when the bill is finally passed some of the dangers the Senator has pointed out will be removed from the measure.

Mr. GOLDWATER. I thank my friend from Kansas, for whom I have the greatest affection.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield to the Senator from South Carolina.

Mr. THURMOND. I should like to take this opportunity to congratulate the able and distinguished Senator from Arizona, not only on his magnificent address, which is a masterpiece, but also for the position he has taken on the pending bill. It demonstrates and illustrates the philosophy he espouses in this country, which is the true philosophy on which America has been built.

I should like to ask the Senator this question. Is it not true that if the bill were enacted it would in effect amend the Constitution of the United States by changing the historical interpretation of what is considered interstate commerce by expanding the definition of commerce to include "any activity affecting commerce" instead of the present construction of a business being directly engaged in interstate commerce, or manufactured goods moving in interstate commerce?

Is it not true that the bill would place an arbitrary, fixed amount, of \$1 million gross income as a criterion in determin-

ing whether a particular establishment comes within the provisions of the Fair Labor Standards Act?

Is that not the construction the Senator would place upon the bill, and does that not do violence to the Constitution of the United States, which is plain and clear on that particular point?

Mr. GOLDWATER. The Senator is correct. I should like to approach the answer in this way. The term "activity affecting commerce," which is almost diametrically opposed to the description contained in section 3(b) of the Fair Labor Standards Act of 1938, would in my opinion affect every businessman in the United States, regardless of how much business he did.

Under the interpretations the court could give it, and the regulations that would be assigned to it, it could destroy the exemptions contained elsewhere in the act.

This is what it would do to the Constitution. After our Founding Fathers had written that great document, they said, "Wait a minute. Someday there may be in this country some people who do not believe that we have rights, and do not believe, as Tom Jefferson has said, that we are endowed by our Creator with certain inalienable rights, and that among these are life, liberty, and the pursuit of happiness."

How wise these men were. They sat down and wrote the first 10 amendments to the Constitution. The 10th amendment very clearly says that the powers not delegated to the Federal Government shall remain in the States. In the writing of that document they wrote the commerce clause, and that gave the Federal Government the right and the responsibility to regulate commerce among the States and Indian tribes and nations.

If the bill were enacted as written, with the term "activity affecting commerce" included in it, it would so broaden the commerce clause that in my interpretation it would destroy the intent of the writers of the Constitution, when they did not give to the Central Government the right to interfere in intrastate business.

The Federal Government could very easily under this language say, "We not only have the right, but we have the responsibility to go into South Carolina, or into Arizona, or any other State, and begin to regulate purely intrastate business."

So it does two things to the Constitution. It knocks out practically the last prop left in the 10th amendment, because the courts have battered that amendment around a great deal, and Congress in its attentions has not been very kind to the 10th amendment; and it would enable the Federal Government to go into the States in a way the Constitution never intended it to do. It would, in my opinion, make a laughing-stock out of the commerce clause of the Constitution.

Mr. THURMOND. The enactment of the bill would increase the power of the Central Government in Washington; and in order to increase the power here, it would have to be decreased elsewhere. Is not that correct?

This further assumption of power by the Federal Government can only result in decreased authority by the States and by the people, for this is the only source from whence it can come. Such action can only lead to a dangerous concentration of power in Washington.

Mr. GOLDWATER. The whole purpose of writing our Constitution was to protect against the possibility of concentrating power anywhere. Our Founding Fathers fled from countries which had bureaucratic, centralized governments. They came here for only one purpose. That one purpose was to establish a government under which free men could live. They were men who recognized their freedom as coming from God, as was stated by Thomas Jefferson, as I mentioned before.

Anyone who reads the Constitution cannot help being impressed by the constantly reiterated fear that we might have a central government. Our Founding Fathers provided that at every election one-third of the membership of this body would stand for election; and that every 2 years the entire House would be up for election.

The Founding Fathers provided a legislative branch, a judicial branch, and an executive branch, and defined their respective powers.

I must agree with the Senator from South Carolina that the passage of this bill, containing the provision "activities affecting commerce," would be one more gigantic step toward centralizing the Government in Washington. What will be the end result? The end result will be a bureaucracy of the type from which our forefathers fled to come to this country, where they created a constitutional republic under which free men can live.

That is why I am concerned about this. I am not so much concerned about the money. If this proposal were constitutional, we would find the money. It is the same fear I have with respect to Federal aid to education; with respect to Federal aid for the aged. It is not the money. It is the fact that, slowly but surely, we destroy the freedoms of men, and we make them the banner for a central government, whether in Washington or anywhere else in the country. That is why I say there is danger in this whole approach. That is why I oppose Federal control to break in where the Constitution does not give us the right to break in.

I am supposed to be a conservative. I am referred to as a reactionary. It is said that I want to go back to the days of the Neanderthal man. I have cartoons that show me emerging from a cave, wearing the garments of a caveman.

But it is the people who advocate such proposals as this who are the reactionaries in American politics. They are the people who want to go backward. They are not going forward when they propose a welfare state or a centralized government. They are the ones who want to go back to the dark days of England, France, and Germany, countries from which our forefathers fled to come to this country and establish this Government.

No. I say, as a conservative, that I am trying to keep those misguided souls from going backward. That is why I am so interested in fighting this kind of proposal. I am not against higher pay for people. I will put the working standards of my business against the standards of any other business in the country. But I know this: I know that the Federal Government wants to move into the lives of the people. As conservatives, we ought to be free to speak out. We ought to speak out and talk to the people. We should tell them that radicalism is slowly but surely taking us backward, down the path from which our forefathers fled so successfully.

I apologize for making such a long speech, but the Senator has raised a very favorite subject of mine.

Mr. THURMOND. Is the Senator from Arizona in accord with the view that the 39 men who signed the Constitution of the United States at Philadelphia in 1787, and those who adopted the first 10 amendments known as the Bill of Rights, several years later, had in mind, chiefly, two cardinal principles: First, to establish a tripartite system of government, consisting of a legislative branch—Congress—to make the laws; and an executive branch, headed by the President, to enforce the laws; and a judicial branch, headed by the Supreme Court, to interpret the laws; and that each was to be a check and a balance on the other? And that the other cardinal principle, under the 10th amendment, was to prevent the centralization of power in Washington; that all powers not specifically delegated to the Central Government—the Federal Government—were reserved to the States and to the people; and that, therefore, the National Government can operate only in certain specified fields which are named in the Constitution? Interstate commerce is one such field, the coining of money is another, foreign affairs is another, and the national defense is another.

Is there any authority which the Senator knows about to permit the Federal Government to enter such a field of activity as is embraced within the bill now being considered by the Senate?

Mr. GOLDWATER. No; the Senator from Arizona must say, very emphatically, that there is nothing in the Constitution to allow us to do this or several other things which we are doing under the guise of the welfare state.

It is argued by some that in the preamble, the statement about promoting the general welfare gives us the right to do what is proposed here. I disagree completely. From my reading of stories about the writers or framers of the Constitution, I do not believe they ever intended that the welfare statement contained in the preamble should ever be interpreted in such a way as would destroy the major parts and purposes of the entire Constitution. But that is what we have been doing in this country for 30 years. We have been slowly but surely going around the Constitution, either in the mistaken idea that the welfare provision gives us the right to do it or with the purposeful meaning to destroy the Constitution.

Mr. THURMOND. Some persons would use the welfare clause of the Constitution to accomplish their goal of circumscribing the Constitution or violating the Constitution in order to achieve what they seek to do. Is it not a fact that if that interpretation could properly be placed upon the Constitution, the Central Government could go into any field of activity it wanted to enter on the ground that it was promoting the public welfare? There would have been no need for the Founding Fathers to specify the fields into which the Central Government could enter.

Is it not clear that the Founding Fathers had in mind that the Central Government was to be limited to the fields of activity which are listed in the Constitution, and that all other fields of activity were reserved to the States and the people, unless the Constitution should be amended in the way provided in the Constitution, and not by the executive, legislative, or judicial branch of the Government?

Mr. GOLDWATER. The Senator from South Carolina is historically and absolutely correct. In all my life, in my study of the Constitution and my reading of it, and of the documents pertaining to it, I have never found anything which would contradict the Senator's interpretation, as he has just stated it.

Mr. THURMOND. Is it not true that the bill would not only expand the Constitution to an extent never intended and destroy the great principles of government on which this country is founded, but that also it would be a dangerous bill from the standpoint of the economy of our country, because it would have a vast, tremendous, vital impact on a great many industries, which would have to either curtail employment, raise prices, or close their doors?

Mr. GOLDWATER. I related earlier in my discussion the economic dangers in the bill; but I must say to the Senator that the dangers to the Constitution contained in proposed legislation such as this far override any dangers I see in the form of dollars and cents or people's jobs.

Mr. THURMOND. I must agree with the Senator on that point.

Mr. GOLDWATER. I thank the Senator from South Carolina.

Mr. THURMOND. Is it not true, too, that if we allow the natural laws to operate, and if we abide by the Constitution, if a man develops his talents, if he has ambition, if he has initiative, if he has energy, and if he is willing to work and study and prepare himself, he will be compensated, and Congress will not have to do it by law?

Furthermore, are we not playing with fire when we fix a minimum wage, because after a while the minimum wage will be at such a point that there will be little differential between the wage of a common laborer and that of a skilled worker, and there will be no incentive for people to improve themselves and become more skilled, in order to render greater service and thus to earn more money?

Mr. GOLDWATER. The Senator is correct. I have attempted to bring that point out in my earlier discussion of the

bill on the floor. The statement is not peculiar to me; it has been made many times in history, that ours is the most successful form of government ever known to man. We have had the most successful economic system ever devised by man. It has been that way for almost 200 years. But in the last 20 or 30 years people have begun to say, "Well, there must be something wrong with it; it is too good." So they began to tamper with it. As a result of the tampering, the Government has been hurt.

Anyone who reads history will find in every government the same type of people who come along and say, "Things are going along too well. We had better monkey around with the reasons why it is so good."

When we started in the early 1930's to disregard the Constitution; when we started to circumvent the natural laws of supply and demand in our segment of the economy; we started to get ourselves in trouble.

In my opinion, it will take great courage on the part of the American people to pull themselves out of the trouble. This has happened before in history. It can happen again. I do not believe there is an economic problem which exists in America today which the free enterprise system cannot solve. I do not think there is a problem which the people, acting under the Constitution, if it is properly applied, cannot solve. I do not believe there is any problem which confronts the American people that they cannot solve, if they believe in our form of government and in our country.

I do not think there is any problem that confronts the American people which they could not solve if they would have a little more faith in their God and in themselves and in their country. I think we are weaning the American people away from the use of their own abilities—away from the use of their own "teeth," so to speak—and are attempting to get them to rely entirely upon what the Government decides, with the result that the people do not know what is best for their own good.

What is the result? We see the Federal Government attempting to take over my responsibilities to my own father and mother and the responsibilities my sons will have to me when I reach an older age. Those are the dangers which result from such legislation; and I am glad the Senator from South Carolina has called this point to the attention of the Senate.

Mr. THURMOND. Is it not true that when the Government tries to do more and more for the people, instead of helping them to help themselves, and when the Congress gets the people to lean more and more on the Government, then there may happen in our country the same thing that happened to Rome, which at one time was one of the great powers of the world. Rome did not fall because of attack by aggressors from without. Rome fell because of the decay of her own people, as a result of factors operating from within, when the people began to demand more and more of their Government, but their Government could not meet their demands. So Rome, once

a great nation, fell from decay from within. If our Nation continues on the way to the welfare state, is that not what is likely to happen to the American people?

Mr. GOLDWATER. I may reply by stating that inscribed on the front of the Archives Building, here in the city of Washington, is the maxim, "Study the Past. What Is Past Is Prologue."

I may say to the Senator from South Carolina that I do not think what happened to Rome will happen to the United States. On the other hand, human nature being what it is, and man not having changed very much in the thousands of years he has been on earth, the American people will be as susceptible to those weaknesses as were the Romans, the Greeks, the Egyptians, and the Babylonians. I think the American people realize this situation and this danger far more than we do; I think they are far ahead of us.

So I hope the people insist that the National Congress stop injecting the Federal Government into affairs which the Constitution says the National Government should not deal with or into matters regarding which action by the Federal Government is disallowed by the Constitution.

Mr. THURMOND. Mr. President, in closing, again I should like to express my sincere appreciation of the great contribution the able Senator from Arizona has made to the Nation by means of the address he has delivered here today.

Mr. GOLDWATER. I thank the Senator from South Carolina.

Mr. COOPER. Mr. President, will the Senator from Arizona yield?

The PRESIDING OFFICER (Mr. McGEE in the chair). Does the Senator from Arizona yield to the Senator from Kentucky?

Mr. GOLDWATER. I yield.

Mr. COOPER. Mr. President, let me say that I, too, have enjoyed listening to the able presentation the distinguished Senator from Arizona has made.

I had the honor of serving with him on the committee for several years. Later, I escaped it. [Laughter.] Actually it was a great experience—and I was proud to be a member of the Committee on Labor and Public Welfare which deals with so many human and economic problems. But I know the careful attention he gives to the work of the committee, and I realize that he has strong views about its work.

I should like to ask several questions, either of him or, perhaps, of the Senator from Florida [Mr. HOLLAND], who is a great lawyer, or of the chairman of the subcommittee, the Senator from Massachusetts [Mr. KENNEDY]. I think these questions may be helpful in connection with making the necessary interpretations.

In 1947, I served on a committee with the then Senator Donnell, of Missouri; we labored for months, upon amendments to the Fair Labor Standards Act. They were the first amendments of great consequence to the act since its enactment. Following the enactment of these amendments to the Fair Labor Standards Act the courts considered many

cases arising from the legislation. A number went to the Supreme Court of the United States; and several of those cases were decided on the basis of the debate which occurred on the floor of the Senate, interpreting the debate to indicate the legislative intent.

My first question relates to the definition of "interstate commerce." In this connection, I request the attention of the distinguished Senator from Florida [Mr. HOLLAND], who is an able lawyer.

It is correct that many cases—particularly in the last 30 years—have gone to the Supreme Court involving the question of whether a certain activity falls in the realm of interstate commerce. There are Supreme Court decisions determining that a certain activity affected interstate commerce substantially, and this was brought within its scope.

The bill before us defines the activities which would be covered; and on page 2, section 2, we find a change in definition relating to commerce:

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SEC. 2. Section 2 of the Fair Labor Standards Act of 1938, as amended, is amended by striking out the words "engaged in commerce or in the production of goods for commerce" and inserting in lieu thereof the words "engaged in activities affecting commerce".

Thereafter, in section 3, which begins on page 2, the definition is applied, and certain enterprises are named as those which are engaged in activities affecting commerce.

I wish to ask this question: Would the statement or recital that such enterprises are engaged in activities affecting commerce, determine the issue? Is it not correct that if a question were raised before the Court regarding a specific enterprise the Court would determine whether the particular business or enterprise which might do \$1,500,000 worth of business was one which actually affected interstate commerce?

Mr. GOLDWATER. Mr. President, let me reply, first, by saying that earlier the distinguished Senator from Florida [Mr. HOLLAND] raised that point. However, let me say that the language contained in section 3, subsection (s), which defines "activity affecting commerce," is language the Court has used in several labor-case decisions, but it has never been used in a decision relating to this legislation.

Mr. COOPER. It has been used in fair labor standards cases, in the broad sense of the meaning of "commerce."

Mr. GOLDWATER. No; it has been used only in National Labor Relations Board cases. The Jones-Laughlin case, in 1934, was the first one, I believe.

The definition this one would replace is set forth in section 3, subsection (b). Instead of using the phrase "activity affecting commerce," they used to define commerce as meaning trade, transportation, transmission, or communication between several States or any places outside thereof. But when they attempt to define "activity affecting commerce," they get into trouble; it includes, according to the bill: "any activity, business, or industry in commerce or necessary to commerce or to the production of

goods for, or the distribution of goods in, commerce."

We cannot outguess a court; and I am not even a lawyer, so certainly I would not attempt to do so. But since this measure includes language which the Court has used, I would rather be inclined to believe that the Court would go along in holding that the Congress did have a right to legislate in fields in which there were activities affecting commerce.

Mr. HOLLAND. Mr. President, will the Senator from Kentucky allow me to express an opinion on this point, whenever he is through? Will he yield to me for that purpose?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator yield to the Senator from Florida?

Mr. COOPER. Certainly. My question is as follows: Even though the Congress may write certain provisions, what weight would it have if there were actually raised in court the question as to whether a particular enterprise was one in commerce?

Mr. HOLLAND. In the first place, I do not pretend to be a profound constitutional lawyer; and I know that even if I were, I might be outguessed by the Supreme Court. But my understanding is that as of about the time of the passage of the Wage and Hours Act, the Supreme Court ruled—my recollection is that its ruling was in the Jones-Laughlin case—that activities which could not be held to be directly in the channel of interstate commerce affected it so greatly that they were activities which the Court held to be activities affecting commerce or affecting interstate commerce, successfully meeting the Federal constitutional test and permitting Federal law under the Constitution to be applied.

There have been several cases of that kind since, some of which the Senator from Florida is familiar with, and some of which he is not familiar with. But his understanding is that in that series of decisions none of them have been in this field. Those he has known of have been in the field of the National Labor Relations Act. There may have been some in other fields he does not know about, but he knows there have not been any in this field, the reason being that in the recommendations made by the then President, President Roosevelt, about the time of the Jones and Laughlin case in 1937, as I remember, and in the original act on this subject, passed in the following year, 1938, it was clearly stated that the long hand of the Federal Government under this new act, which voiced a new concept of Federal responsibility and Federal power as to business, both employers and employees had their field of operations carefully delineated.

The Senator from Florida thinks he remembers approximately the language that was used in the 1938 act, and it was repeated in the 1949 act, which was a substantial revision, and which has been followed ever since. It fixed the field of operation of this act as to businesses engaged directly in commerce—that means in interstate commerce—and in manufacturing goods for shipment in commerce—that means in interstate commerce—so that this much less direct field

of possible jurisdiction was carefully eliminated from the operations of this act, and has been carefully eliminated.

The Senator from Florida ran up against this same situation in 1949, when a committee, operating just as the majority of this committee has in this instance, tried to give to this act much broader coverage by using the words "affecting interstate commerce."

At that time, after extensive argument and debate in the Senate, the Senate knocked down that interpretation as the field for operation of this act, and confined it again to the limited field announced by President Roosevelt and by then Senator Black who handled the legislation, and reenacted that part of the act exactly as it had been done, and then proceeded to interpret it in even clearer language in certain fields which we do not need to go into now.

The Senator from Florida understands that under this interpretation by the Supreme Court, it would be constitutionally possible, though I think wholly unwise, for this act to be extended into fields affecting commerce, because undoubtedly it would extend the operation of that act. That is the intention of those who are proposing it. They try to extend this act to businesses which, under the earlier wording of the act, were unaffected by the act. That is their purpose.

The point made by the Senator from Kentucky is completely valid, as the Senator from Florida understands it, from the fact that there is not any fixed, settled definition of what the term "affecting commerce" means. The Senator from Florida extends this as his own view, and he thinks he is right: That does not mean that everything anybody claims as affecting, no matter how remotely, interstate commerce, would necessarily have to be held as such by the Supreme Court. That is one great objection the Senator from Florida has to this proposal, because he thinks it will be 10 years before a lot of people could have any assurance as to whether they were, in their own operations, subjected to the operations of this law.

I see nothing wise in the use of these general, noncertain words, even if there were not the serious question which has been so well advanced by the Senator from Arizona. This is that under these words the long arm of the Federal Government would reach out to control all employers, no matter if their business was exclusively within States; all employees of those employers, if the Court should hold that their business was of such nature that it affected interstate commerce—as it surely would hold in many matters, as I do not think it would hold in all matters.

It is a twofold objection I have—the objection of uncertainty, of litigation, of suspense for years, which is self-defeating in this field; and the other objection, which I think is much greater, that we are interfering, and would be interfering for the first time, in such a way as to regiment intrastate businesses by Federal control from Washington, by those not familiar with the customs of employment or pay or service in the several States or communities, and that we would be going a very large step further

toward the creation of the welfare state which most of us want to avoid in every way we can.

If that is an answer to the Senator from Kentucky, I hope it may be taken as such.

Mr. COOPER. I thank the Senator. As I have said, the chief reason why I raised this question was that I remember the litigation following the enactment of the portal to portal bill in 1947, which contained amendments to the Fair Labor Standards Act. I think it is of some value to have discussion on this point. As I recollect the background of approval by the courts of fair labor standards legislation, the courts held that the Congress had power to enact wage and hour legislation because the low standard of wages in certain industries engaged in commerce bore detrimentally upon the free flow of commerce between the States. It follows that the Congress has power to enact now, amendments respecting minimum wages and hours for businesses which are in interstate commerce. I think that is correct.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. COOPER. If the Senator will defer, I will finish my thought. The Congress exercised its power in the enactment of the Fair Labor Standards Act, but made certain exemptions. Those exempted businesses may or may not have been in interstate commerce. The Congress is not required to legislate, but it can legislate as it sees proper regarding businesses which are engaged in interstate commerce. The question was raised during the Senator from Arizona's speech as to the constitutional right to enact the bill before us. It appears to me there is such a power to extend the minimum wage or hours law to any business which is engaged in interstate commerce. Congress may or may not decide to do it. But Congress has the power to do it.

I went one step beyond and asked this question: If the Congress, in this bill or in any other bill, attempts to extend minimum wage and hour provisions to a business which is actually not engaged in interstate commerce in the sense determined by the courts, is it not doubtful that such an enterprise not substantially affecting interstate commerce, could be brought under the act? That is a question I raised.

Mr. GOLDWATER. As we both recognize, that is a problem which the Court itself will have to determine. In view of the past decisions of the Court in the NLRB cases, I think we could expect the Court to say that activities affecting commerce would be constitutional as used in the act.

The decisions to which the Senator referred were applied to the employee. It was an employee test. The test was whether the employee was engaged in interstate commerce. It was made clear that there had to be a flow of commerce across State lines. Then the employee came under the provisions of the act.

In this bill we find the word "enterprise" for the first time. This is the new test; not the employee but the employer. That is something which I think the law-

yers have to consider, as they guess what the Supreme Court or other courts might do.

There is a whole raft of language which is new to the Fair Labor Standards Act. It departs quite decidedly from the definitions used in the act to be amended. For that reason, I expressed concern about the language "activity affecting commerce," together with its definition, as to what it might do to the intent of the Constitution and what it might do to allow the Federal Government to get further into our business.

Offhand, I cannot think of any business in this country which does not affect commerce. I have the thought the definition should be restricted to businesses engaged in the flow of commerce across State lines. That is one thing. However, when we used the words "activity affecting commerce" that means, as I said earlier, if a shoe store in Miami, Fla., buys some shoes from St. Louis, the transaction certainly affects commerce.

The man would not be engaged in interstate commerce under the old interpretation, if he sold those shoes, even though he got them some place else. He himself, as I understand the law, to be engaged in interstate commerce, would have to sell the shoes across a State line. However, the language is sought to be broadened to include "activity affecting commerce," with the definition following:

"Activity affecting commerce" includes any activity, business, or industry in commerce or necessary to commerce or to the production of goods for, or the distribution of goods in, commerce.

That is very broad. Again, we cannot outguess the courts.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. ERVIN. I am very much interested in the point which has been discussed by the Senator from Arizona, the Senator from Kentucky, and the Senator from Florida. I should like, as a lawyer, to say that I think the Senator from Arizona has correctly stated the decisions bearing on this point.

As the Senator from Arizona has stated, up to some 25 years ago all retail establishments were considered to be engaged exclusively in intrastate commerce notwithstanding the fact that the goods they sold had been transported to them from other States. Furthermore, all service establishments which merely rendered services in localities were considered to be strictly intrastate businesses.

As the Senator from Arizona has pointed out, there is something exceedingly dangerous in the change of phraseology in a bill which undertakes to predicate congressional regulation upon such a term as "activity affecting commerce." On that basis Congress can extend its regulations far beyond the relationship between the employer and the employee.

Of course, this expression is used in subdivision 7 of section 152 of title 29, United States Code, which deals with the Labor Management Act. One of the circuit courts, in interpreting the meaning

of this term in the case of the National Labor Relations Board against the Suburban Lumber Co., reported in 121 Federal 2d 829, says:

The word "affect" within subdivision (7) of this section has the widest conceivable scope and means to act upon, produce an effect on, touch, acting upon, working a change in, or concerning.

The Supreme Court of the United States refused an application for certiorari to review this decision making this definition.

I ask the Senator from Arizona, if I, as a resident of North Carolina, should go into a clothing store and buy a suit of clothes in North Carolina, which suit of clothes has been shipped into North Carolina from Indiana, we will say, would I not be engaged in an activity, in so doing, which would affect, to some extent, interstate commerce? If there can be a regulation of the relationship between the employer and the employee on that basis, then there can be a regulation of my activities on that basis. There would be no limit to the power of Congress in this field.

There is a question which confronts the Congress, as I see it, at this hour, which is a very serious question. It is whether we want to give further congressional approval to terms under which all the powers of Government, not only to regulate relations between employers and employees, but also to regulate the activities of individuals, shall be transferred from local communities to a centralized Government in Washington, D.C.

Mr. GOLDWATER. The Senator's analysis with regard to buying a suit in North Carolina, which suit was made in Indiana, is certainly correct when the Senator reaches the conclusion that it has an effect on commerce. Certainly it has an effect on commerce. The first effect is that the merchant bought the suit. The second effect is that the merchant has to order another suit. This could become quite a habit. He could engage in quite a lot of activity. He might sell 200 of those suits across State lines. While the suits are sold to local North Carolinians in intrastate business, and although the money stays in North Carolina, it would be my opinion—and this is a nonlegal opinion, as the Senator knows, because I am not a lawyer—that anything we do under the term "activity affecting commerce," would give the Federal Government a feeling that it has the right to go in. As I said earlier, I think this probably will make the bureaucrats happier than anything which has happened in 30 years, because it really will open the door. Now there can be not only a regulation of commerce, but also there can be a regulation of people.

What will be the aftergrowth of this? There will be an effect upon freedom of choice in buying a suit, for example. Suppose a man does not want to be engaged in interstate commerce, or in any activity affecting commerce. He may start making his own suits in the backroom. Those suits may be of no value. Perhaps the Senator would not like those suits, and would have to go some place else to buy a suit. His freedom of choice would be tampered with.

I see nothing but trouble, trouble, trouble, if this should become a part of the law.

Mr. ERVIN. I went to law school many years ago, and I studied law a great deal afterward in the course of my practice and my work as a judge. I arrived at a definite understanding as to what the people who wrote the Constitution meant when they gave to Congress the power to regulate interstate and foreign commerce. I think all of us had definite notions about that matter. These notions were sustained by the decisions of the courts in all respects up to some 25 years ago, or approximately that time. They left a great deal of security to the country, in that they carried into effect one of the great things which made the American Republic possible, the doctrine of the separation of powers. Under the decisions, Congress had the power to regulate matters relating to interstate commerce, and the States retained the power to regulate matters relating to intrastate commerce.

Does the Senator from Arizona not agree with me that those who have the conviction that this is a proper interpretation of the Constitution, and that such an interpretation of the Constitution is necessary to preserve the America we have known and loved, ought to give serious consideration to the question of whether they should stick to what they conceive to be the correct interpretation of the Constitution, rather than to follow the judicial changes made in the Constitution during recent years?

Mr. GOLDWATER. The Senator has expressed, as I very poorly tried to express earlier, the point that this is a very grave constitutional question. If the people of the United States want a welfare state, if they want to have Federal aid to education, Federal aid to medicine, and Federal control of wages, then I propose that they amend the Constitution, because I do not think that any man who understands the Constitution and who believes in the Constitution can agree to further encroachments upon its interpretation.

The "Federalist Papers" and all the writings I have been able to read concerning the commerce clause—and I have studied them particularly because I was trying to find a definition of "commerce," but I could find none—make it very plain that only a limited power was recognized. Of course, in those days the legislators could not envision, I suppose, the rapid communication and transport that we have today. Nevertheless, I think the provision of the Constitution is still valid, and I think the 10th amendment bears on this question, too, because if the Founding Fathers had wanted to grant the Federal Government the powers which are assumed by some to exist, they would have done so before the 10th amendment had been adopted, and it would have been contained in another article of the Constitution. However, they did not. They merely gave the Federal Government authority to regulate commerce between the States, with the Indian tribes, and with other nations.

I believe that interpretation is clear. I do not have to go to a court to get an

interpretation of that language. I have been in business all my life. My business is in interstate commerce. I have no doubt about it, because I sell across State lines. But my little competitor across the street is not in interstate commerce. By the language of the bill he would be under this definition, because he "affects" interstate commerce.

Mr. ERVIN. Under the Constitution there is undoubted power in legislative bodies possessing a competent knowledge of the area concerning which they are legislating to pass minimum wage laws. I refer to the fact that under our Constitution as interpreted by the older decisions and as interpreted by the Senator from Arizona and by myself, the State legislatures have undoubted power to pass minimum wage laws, if they deem them advisable, governing the localities over which the legislatures have jurisdiction. Is that not true?

Mr. GOLDWATER. The Senator is correct, and he has touched upon a point that I failed to bring out. I am indebted to him for doing so.

I shall put my statement in the form of a question, so that the Senator from North Carolina, who is a distinguished jurist, can state an opinion.

What would happen if a State had minimum wage laws of its own, and the Federal Government came along with the proposed legislation, and provided for Federal preemption? Does it not in effect actually preempt, based upon history?

Mr. ERVIN. I believe that at least 50 percent of the Court, if not a majority of the Court, as now constituted, would undoubtedly hold such to be true.

My own State of North Carolina, through its legislature, at the last session, enacted a minimum wage law for North Carolina, and I am of the opinion that the legislatures of the various States are far more competent to deal with matters of minimum wages in what are essentially local activities because of diversity of conditions in the States than is the Senate of the United States.

The Senator from Arizona and I served on the so-called Rackets Committee, and we saw the result in our investigation and study as members of that committee of the use of a somewhat similar term as "activities affecting commerce" in the act of Congress creating the National Labor Relations Board. We found that the courts held that under the doctrine of preemption as applied to that Act the States no longer had jurisdiction of many labor controversies, that the National Labor Relations Board was unable to handle all of these controversies, and that as a result of the centralization of that particular power in the National Labor Relations Board we had a condition under which individuals and companies had legal rights they could not vindicate and suffered legal wrongs which they could not redress. As a consequence, we found that something which is abhorrent to any system of justice had been brought about by the use of this very term. That is something which ought to give the Congress pause before it undertakes to give further congressional approval to the use of such a loose term.

Mr. GOLDWATER. The Senator is correct. I do not look on this as a loose term, however. I think this is a very broad term, and it has been successfully resisted prior to this time. This type of language has been offered before, and a very heavy floor fight ensued, during which the amendment was rejected. I am hopeful that my colleagues can resist the vote appeal in the term "minimum wage," and recognize the economic dangers and the constitutional dangers in the bill.

Mr. ERVIN. I used the words "loose term" to imply the difference between the proposed legislation and former legislation enacted by the Congress such as the Sherman Antitrust Act, in which Congress was careful to use the term "commerce among the States," as that term is used in the Constitution. Undoubtedly the term "activities affecting commerce" is as broad a term as can be devised in this area. As we pointed out before, it is even broader than the field of relations between employers and employees, because it can be made to embrace any activities of any individual, which may

affect, touch upon, or have any impact upon interstate commerce.

Mr. GOLDWATER. The Senator is correct. If we were to adopt the proposed language, we might wind up with a Constitution consisting only of a preamble, because this proposal could strike out all the restraints against power contained in the Constitution. It could negate the division of powers even between the legislative and other branches. I think it would lead to the ultimate control of wages and then prices. That is the danger I see in the measure.

Mr. ERVIN. I thank the Senator from Arizona for his patience in yielding to me for these questions. I know he has been on the floor a long time. I am especially grateful to him in view of that fact.

Mr. GOLDWATER. I thank my friend.

Mr. President, the Senator from Delaware [Mr. FREAR] has asked that we put into the RECORD a list of the 29 States which have minimum wage laws, and I ask unanimous consent that the list be inserted at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 3.—State minimum wage laws and orders applying to retail trade by State (1958)

States with minimum hourly rates of—	Minimum hourly rate	Year present rate established	Type of employee
75 cents or more:			
Alaska.....	\$1.25.....	1955	Men, women, and minors.
California.....	\$1.....	1957	Women and minors.
Colorado.....	60 to 80 cents.....	1956	Do.
Connecticut.....	\$1.....	1957	Men, women, and minors.
District of Columbia.....	90 cents to \$1.....	1957	Women and minors.
Hawaii.....	\$1.....	1958	Men, women, and minors.
Idaho.....	75 cents.....	1955	Do.
Massachusetts.....	\$1.....	1957	Do.
Minnesota.....	60 to 85 cents.....	1957	Women and minors.
Nevada.....	87½ cents to \$1.....	1957	Women and girls.
New Hampshire.....	85 cents.....	1957	Men, women, and minors.
New Jersey.....	\$1.....	1956	Women and minors.
New Mexico.....	75 cents.....	1957	Men, women, and minors.
New York.....	90 cents to \$1.....	1957	Do.
Pennsylvania.....	75 cents to \$1.....	1958	Women and minors.
Rhode Island.....	\$1.....	1958	Men, women, and minors.
Utah.....	60 to 80 cents.....	1956	Women and minors.
Vermont.....	75 cents.....	1957	Men, women, and minors.
Wyoming.....	75 cents.....	1955	Men and women.
60 to 74 cents:			
North Dakota.....	65 cents.....	1957	Women.
Oregon.....	70 cents.....	1952	Women and minors.
Washington.....	65 cents.....	1949	Do.
Wisconsin.....	50 to 70 cents.....	1956	Do.
30 to 59 cents:			
Arizona.....	55 cents.....	1954	Women.
Kentucky.....	40, 45, and 50 cents.....	1947	Women and minors.
Illinois.....	55 cents.....	1948	Do.
Puerto Rico.....	36 to 75 cents.....	1958	Men, women, and minors.
Less than 30 cents:			
Arkansas.....	16 cents.....	1915	Women.
South Dakota.....	22 to 28 cents.....	1943	Do.

Mr. GOLDWATER. Mr. President, I suggest the absence of a quorum.

Mr. KENNEDY. Mr. President, will the Senator withhold that request for a moment?

Mr. GOLDWATER. I withhold the request.

Mr. KENNEDY. I congratulate the Senator from Arizona on the vigor with which he has expressed his point of view. I wonder whether the Senator can advise the Senate whether the Senate is likely to have an opportunity to vote today.

Mr. GOLDWATER. My guess would be—and it is merely a "horseback" guess—"No." We were told last night by the majority leader that there would be no votes after 7 o'clock. The Senator from New Hampshire [Mr. CORTON] has

a speech, and the Senator from Florida [Mr. HOLLAND] has a rather involved amendment which will require lengthy discussion. So I think his prediction that there will be no votes after 7 o'clock is a healthy one, because there will not be any before that time.

Mr. KENNEDY. The Senator has suggested on other occasions that he has perhaps 30 amendments to the bill. I know that other Senators have amendments. As we shall deal with many questions which will come before this body in the next few days, when we shall be trying to accomplish business and consider at least some of the 22 or 26 bills which the President has recommended, of which this is one, I wonder whether we can expect to vote tomorrow on many of

the amendments offered by the Senator from Arizona?

Mr. GOLDWATER. If the amendment offered by the Senator from Florida [Mr. HOLLAND] is successful—

Mr. KENNEDY. The Senator from Arizona would not need any additional amendments?

Mr. GOLDWATER. I would not say "any additional amendments." I have about 32 very carefully selected amendments. If the amendment offered by the Senator from Florida [Mr. HOLLAND] should prevail, or if the amendment offered by the Senator from Illinois [Mr. DIRKSEN] should prevail, the necessity for most of the amendments I expect to offer would be obviated. If a vote on those amendments takes place tomorrow, if we get a vote on the amendment of the Senator from Florida and it is accepted by the Senate, I see no reason why we should not go right along. If it is not, then I intend to call up my amendments one by one. I do not know how much discussion each amendment will require. Some are not too important, but some are of a very serious nature.

I have no intention of holding up matters. I cannot, however, enter into a unanimous-consent agreement as to controlled time. I have no intention of filibustering the bill. This is the longest speech I have made in my life, and my back is beginning to feel it. My admiration for the senior Senator from Oregon [Mr. MORSE] has just gone up. I do not know how he did it. I would not wish to guess as to the time.

Mr. KENNEDY. Does the Senator think that we could conclude by Saturday night if we assume—and this is a reasonable assumption, I believe—that the amendment of the Senator from Florida will not be adopted, and if the amendment of the Senator from Illinois [Mr. DIRKSEN], if it strikes out all new coverage, will also fail? Does he believe that under those assumptions we will be able to finish consideration of the bill by Saturday night?

Mr. GOLDWATER. I think that is a reasonable assumption. I will not take long to go through my 32 amendments. If the Senator from Oregon were presenting 32 amendments, that would be a different matter. [Laughter.] I shall be rather quick in dealing with them.

Mr. DIRKSEN. I doubt whether the Senator can make that assumption. Interest in the bill is not localized on this side of the aisle. The very fact that the distinguished Senator from Oregon has not yet submitted his amendments—and I am waiting breathlessly for the sheaf of amendments he will offer—shows that the matter is not localized to this side of the aisle. Undoubtedly there will be other amendments offered as the discussion unfolds. So we cannot make any assumption that the matter will be disposed of or concluded by Saturday night.

Mr. GOLDWATER. My leader is now speaking. I spoke from inexperience and from a desire to get on with the matter. I want to have a thorough discussion of the subject. If the amendments of the Senator from Florida do not prevail, and if the amendments of

the Senator from Illinois do not prevail, we will undoubtedly have some long discussion about the "activity affecting commerce" part of the bill.

Mr. KENNEDY. I thought we had that discussion today.

Mr. GOLDWATER. I had my discussion of it, but there are many other Senators who will wish to discuss it. That is an important part of the bill.

Mr. KENNEDY. I thank the Senator. The Senator from Massachusetts is not busy, and he is prepared to stay here this fall, if it should be necessary.

Mr. GOLDWATER. Is that a promise?

Mr. KENNEDY. But we should realize that there is other proposed legislation that must be disposed of. If the Senator has 30 amendments, there are undoubtedly other amendments also. Perhaps there will be 60 amendments that will be offered to the bill. That is a reasonable assumption. I should like to see us move along with some speed.

Mr. GOLDWATER. The Senator speaks about the need to move along. That is a correct assumption, if we assume that we have to pass everything. I am one who believes that we would be much better off if we did not do some things, and the American people would be better off too. After all, it is not always what we do that helps the country, but very often what we do not do.

The Senator from Massachusetts knows my feeling about the minimum wage, Federal aid to education, and Federal aid to medicine. He knows that I will do everything in my power to help defeat those proposals. I was hopeful that we would not come back into session. If we could not get the job done in 2 years, why should we try to do it in 3 weeks? I would be willing to wait until January—if the Senator is still in this body, or wherever he might find himself—and then proceed with a brand new, fresh discussion, rather than beat an old sack of bones.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am happy to yield.

Mr. HOLLAND. I wish to say that I am in a somewhat peculiar situation about the time factor, because I assured one of my distinguished friends that he might go to check upon the activities of his dairy breed cattle, or whatever he agreed to do today; and, having a speech of my own that I believe will take 2 or 3 hours to deliver, and having known that 2 or 3 other Senators had speeches they wished to make, and having heard the majority leader say what he said yesterday, that there would be no votes today after an early hour this evening, I felt safe in giving my friend that assurance.

I am distressed to have my able and distinguished friend from Massachusetts assume that my poor amendment is destined to defeat, to failure, even before it is offered. If that is the case, I assure the Senator that there are other amendments that will follow, not only those to be offered by the Senator from Arizona and the Senator from Illinois, but some also by the Senator from Florida, in which he is joined by a siz-

able number of Senators who sit on the same side of the aisle occupied by the Senator from Massachusetts and the Senator from Florida.

Therefore I would venture the suggestion that unless we are to have round-the-clock sessions—which did not prove to be very effective earlier in this session—we will not be through by Saturday night.

I should like to say, in addition, that the Senator from Florida feels it is not necessary to criticize, by assumption or otherwise, those who feel that they should have the right to discuss this matter briefly.

I remember that this bill has been in the very distinguished committee headed by the Senator from Massachusetts for nearly 2 years, with many hearings held on it. My recollection is that it has gone all the way from 7½ million coverage, as introduced by the Senator from Massachusetts, to 11 million coverage as reported by the subcommittee to the full committee, and then down to 5 million coverage, as now presented on the floor of the Senate. Surely that indicates some arguable matters contained within the covers of this very interesting and complex bill. Not having any thought at all of a filibuster—the Senator from Florida has never liked the word, and he does not use it now—he does not anticipate that there will be any unlimited discussion on this bill. However, the Senator from Florida will object to any limitation of time this week, because he believes that there are a great many matters to discuss in connection with the bill. Last evening he got the very definite impression from his able and distinguished friend, the Senator from Oregon, whose remarks were so thoroughly educational to the Senator from Florida, and also interesting and informative, that the Senator from Oregon had several matters he proposed to discuss during the course of the debate.

Therefore, the interest is not limited to one area of the country or to one side of the aisle, or to the bill which the committee brought to the Senate. I am sure it will be discussed quite at length before we come to a final vote on it. That does not refer to a vote on any particular amendment, because I do not believe there will be extensive or long debate on any particular amendment. However, there will be many amendments offered.

I say again that I regret that my distinguished friend from Massachusetts has jumped to the assumption that my amendment is certain to meet defeat. I hope his prediction will not come true. However, I am afraid that probably he has better information on what will happen than has the Senator from Florida.

Mr. KENNEDY. I merely said that because the adoption of the amendment would destroy the bill, and I do not believe that the Senate is prepared to destroy the bill. This matter is a matter of priority on the part of the President and on the part of the majority leader. Therefore, I should like to see it move along. I am glad that we have had a

chance to make a record and to make an assessment of how vigorously we are moving along.

Mr. MORSE. I wish to assure the chairman of the subcommittee, with whom it has been an honor to serve for the past 2 years, that if I offer any amendments, I will not discuss any of them for more than 10 minutes.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. COTTON. I merely wish to say that no Member of this body has taken less time of the Senate in discussion than has the junior Senator from New Hampshire. The only reason why the junior Senator from New Hampshire desired some time this afternoon was the fact that he heard the majority leader state yesterday that for various reasons there would be no votes today. For that reason the junior Senator from New Hampshire thought this was a good time for him to make certain statements he desired to get into the RECORD. He wished to get these remarks into the RECORD at some time during the debate on the pending bill. If what I understood to be the announcement is not true, and if those who are in control on the majority side are willing to go to a vote on the Holland amendment tonight, the junior Senator from New Hampshire will forgo making his speech, and get it into the RECORD at some other time.

It was simply on the assumption that a vote could not come that the Senator from New Hampshire was asking for some time to make his speech and have it out of the way, so that it would not delay matters later. I want to make it clear, however—and I believe most of us feel the same way—that we want to discuss the matter reasonably and to expedite action on every single amendment. I would be willing, very gladly, if there is a chance to vote tonight, to defer speaking and to let the Senator from Florida [Mr. HOLLAND] proceed.

Mr. GOLDWATER. The only reason why I suggested that possibly we would not vote tonight—it is now almost 4 o'clock—was that the majority leader announced last night that there would be no votes after 7 o'clock. I know that many Senators are planning on that, expecting to have a chance to spend the evening with their wives or friends. I would not expect many Senators to be present.

Mr. COTTON. In that case, I should like to make my speech.

Mr. HOLLAND. Mr. President, will the Senator from New Hampshire yield, for the purpose of permitting me to suggest the absence of a quorum?

Mr. COTTON. I will yield for that purpose, provided I do not lose the floor.

Mr. HOLLAND. With that understanding, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COTTON. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Mr. President, I have no quarrel with the objectives and the philosophy of the Federal minimum wage law. Not only have I no quarrel with it, but during my years in Congress I have twice voted to increase the Federal minimum wage, once when I was a Member of the House of Representatives, and once since I became a Member of the Senate.

We all know that the original purpose and reason for the Federal minimum wage law was to prevent one manufacturer from securing an unfair competitive advantage over another through the exploitation of his workers, and to protect from exploitation the workers of the Nation who were engaged in those enterprises which actually operate in interstate commerce in the real sense of the term, not in a strained or technical sense of that term.

I shall not touch upon the discussion which has taken place already in the Senate regarding the right of Congress to seek to extend the constitutional interpretation of interstate commerce. It is rather clear that the Supreme Court of the United States for a long period has steadily extended the interpretation of the term "interstate commerce" until the definition could apply to almost every commercial activity in the country. I suppose that if Congress chooses to follow the lead of the Supreme Court the perfectly practical result will be that we can reach into every kind of commercial activities, no matter how small and infinitesimal, and no matter how far removed that activity is from bona fide interstate commerce.

I shall not take the time of the Senate to talk about the technicalities of this matter or the right of the Congress to do this. I shall not address myself particularly to the raising of the minimum wage.

I, for one—recognizing the increased cost of living—am ready to vote for a reasonable increase, in the minimum wage.

Mr. President, I wish to pinpoint and to call to the attention of the Senate and to the attention of our people the practical effect of the enactment of this bill, the so-called Kennedy wage and hour bill, insofar as it would extend the coverage of the Federal minimum wage law. Throughout the country, Mr. President, there are today many persons who have preconceived and erroneous notions that if we vote for this extension of its coverage, we shall be voting to do something beneficial for those who are working in the intrastate businesses of the country, for the workers in the small plants, in the commercial houses, in the retail stores, in the service establishments, and in the hotels, the motels, and the restaurants of the country.

Mr. President, I can speak with authority only about my own section of the country and the State I represent. But I wish to take a few minutes of the time of the Senate this afternoon to nail to the mast, to make crystal clear, for the information of anyone who hears or reads these remarks, the real effect of

this proposed extension of coverage, not only on the businesses affected, but— even more important—on those who work for those establishments.

In the first place, Mr. President, the part of the bill I am discussing—namely, the part which deals with the extension of coverage to local retail and service establishments—is based, and has to be based, upon the philosophy and the theory that we cannot trust the States of this Union, through their legislative bodies, their Governors, the public opinion and sentiment of their people, and the organization and the power of their workers, to see that a just minimum wage prevails within their own jurisdictions.

My own State of New Hampshire has a State minimum wage law. It has had it for many years. That law has periodically been amended and revised by the legislature of my State, to extend its coverage and to increase the hourly minimum wage. I should like to inform the Senate and I should like to remind the people of my own State, and particularly those who labor there, that the minimum wage now set by the State of New Hampshire, in an act adopted by the New Hampshire Legislature and effective November 30, 1959, is \$1 an hour, and is applied to both men and women.

The coverage of that law is broad, far broader than the coverage proposed in the pending bill. It covers every retail store, every manufacturing plant, every laundry, every drycleaning plant in New Hampshire. Under my own State law, enacted by our legislature, every one of those business enterprises must pay a minimum wage of \$1 an hour.

The only important group of employees not covered by that law of my State is composed of those who work for restaurants, hotels, and motels. Although these persons are not covered directly by our State's statute, the New Hampshire law does provide for a wage-board procedure by which a minimum wage is set administratively for women and minors who work in those establishments. That minimum is at the present time set at 50 cents an hour for service personnel, such as waitresses and others who receive gratuities and tips from the public, and 75 cents an hour for those who do not directly "serve" or wait on the public.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, the present New Hampshire law, which I have just now been describing.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection?

There being no objection, the law was ordered to be printed in the RECORD, as follows:

[From New Hampshire Revised Statutes Annotated]

CHAPTER 279—MINIMUM WAGE LAW

279:21 Minimum hourly rate: No person, firm or corporation shall employ any employee at a rate of less than \$1 per hour with the following exceptions:

1. This limitation shall not apply to employees engaged in household labor, domestic labor, farm labor, outside salesmen, summer camps for minors, restaurants, hotels, inns and cabins.

II. This limitation shall not apply to employees engaged as newsboys or golf caddies.

III. This limitation shall not apply to employees of hospitals, orphanages, or homes for the aged organized as nonprofit corporations, except that no nonprofit hospital corporation or nonprofit orphanage, or nonprofit home for the aged shall employ a laundry employee or nurses aide or practical nurse at a rate of less than 80 cents per hour.

IV. No person, firm or corporation shall employ any employee as usher at a theater or pin boy at a bowling alley at a rate of less than 75 cents per hour.

V. This limitation shall not apply to a person with less than 6 months' experience in an occupation, or a person 18 years of age or under, provided that such person shall not be paid less than 80 cents per hour.

Mr. COTTON. Mr. President, I have said that the so-called Wage and Hour Act which we now have under consideration is based, first, on the theory that we cannot depend upon the States to take care of their obligations to the employees and employers in the State which actually are not engaged in any form of interstate commerce—and I am not speaking in the narrow, or technical, sense.

There is a second theory or philosophy which must, and in my opinion does, underline the pending bill; and it is that the only important thing to consider in relation to those who work in the activities not now covered by the Federal law is their wage scale.

Mr. President, certainly in my own State, and in neighboring States with whose conditions I am familiar, and, I suspect, all over this country, there are those who need to work and need to receive compensation, but who will find their jobs destroyed if this bill, unamended, is enacted into law.

It is just as important that we preserve jobs as it is that we preserve wage scales.

I have in mind a mercantile establishment in my own little city, a department store, in which numerous widows of around my own age, whose income left them by their husbands probably is not sufficient to maintain them, have employment. They do not do heavy work. Their hours are short. While their pay is not large, it augments and supplements and pieces out their income and enables them to live. In addition, it enables them to contribute fruitfully and constructively to the general well-being.

Mr. President, the minute that Congress exercises its power to reach into the States and say that in retail establishments and service businesses we will establish a high minimum wage, it means that those people immediately will lose their jobs, because if a higher wage is to be paid, more active clerks must be hired, high-pressure salesmen, who will work for a sufficient number of hours, with added burdens and duties, so that fewer will do the work that more had done before.

Of course, I know the answer. I know what other Members of this body may have in mind instantly to call to my attention—that the proposed act before us is sugar coated. It is sugar coated with

regard to extension of coverage to local businesses because it does not apply to those establishments that do less than a million dollars of business a year. It is also sugar coated in that it affects them gradually. The knife goes in easily and slowly over a period of 4 years.

But, Mr. President, there is not a Senator on this floor or a Member of Congress, or anyone else who has served in Congress, who does not know what happens when an act of this kind is enacted to provide that there shall be an exclusion, that corporation A, which is doing \$1,100,000 worth of business shall be affected, and that corporation B, which is doing \$950,000 worth of business, shall not be affected. Instantly there is an unfair situation, an unbalanced situation, an arbitrary discrimination which is revolting to those whom it affects.

Furthermore, these little tranquilizing provisions may be put in a measure to sugar-coat the pill and get an entryway, but we all know that next year, or the year after, next Congress, or the Congress after that, the act will be extended to all businesses, to every local retailer or service businessman. I am not questioning for a moment the sincerity or the good faith of the committee or of the Senators who have inserted these provisions in the bill in an attempt to make this measure palatable, but anyone who places any reliance on this distinction being maintained into the future is nurturing false hopes.

I am deeply concerned, as a Senator from my own State of New Hampshire, because the State of New Hampshire is one of the great, I am proud to say, resort States of this country. Without any reflection on the beauties that other States have to offer, I should like, at this point, to call to the attention of Senators that they can travel far and wide, but they can never find a more beautiful State than the land of the White Mountains. Thousands and thousands of people come to visit us each year, with the result that the livelihood of one-third of the people of New Hampshire is in the recreational field. One-third of the livelihood of the people is derived from resort activities, the resort hotels, motels, restaurants, golf facilities, chair lifts up our beautiful mountains, and all the rest. I will state, incidentally, the State is divided about equally, one-third recreational, one-third agricultural, and one-third industrial. One-third of our income is based on recreational activities.

As a young man, when I was working my way through preparatory school and college, I worked as a bellhop in some of our resort hotels every summer. I waited on tables in some of our restaurants. I was able to earn fairly substantial sums during my summer vacations to help me pay my tuition and my way through college. Many, many thousands of students in my own State will be found serving in those capacities at this very moment. Those jobs will not continue to exist under a Federal minimum-wage act.

To be sure, again, this measure, as it appears today, does exempt from its provisions those who serve the public and have tips and gratuities. But I also washed dishes; and there are many who are running dishwashing machines.

So when the Federal Government decides it has got to have its last pound of flesh, that it is going to have a minimum-wage law that reaches into every nook and crevice, and eventually exempts nobody, it can be seen what it does.

Mr. President, I am not talking for business. I am talking for the people who work. I am talking for the people over whom some of the proponents of this bill are wringing their hands and are crying about all over this country, and will be doing so from now to November.

See what would be done for the boys and girls who want summer employment so they can have an education. This Congress has wrung its hands and expressed concern that our boys and girls shall receive an education so that we can compete with the Russians, and has appropriated money toward that end. Then we turn around and take away from them self-reliant means so they can earn their own living.

See what will be done to the elderly people in my State, who are deriving comfort, benefit, and sustenance from their present employment in retail and service establishments.

What would such an act eventually do to those people, to that pool of labor?

Mr. President, I make these remarks with all charity. We have watched the progress of proposed legislation in this body. Those who are behind this far-reaching bill, which would tear down the barriers and would extend the coverage, are the same ones who have steadfastly opposed any act to be passed by the Congress of the United States to enable the elderly who are on social security to earn a reasonable amount of money themselves.

I cannot understand the theory of such people. The theory of those who are supporting this phase of the bill is that they desire to put the older people on the shelf. They wish to have them spend their last years and days in frustration. They wish to have them eke out a living on what they can get from social security, and to earn not more than \$1,200 a year, or otherwise lose some or all of their social security. That is the theory of many of the country's labor leaders—not all, I am happy to say. Their theory is that job opportunities should be maintained, saved, and reserved for those in their youth, in the prime of life, and that when a worker reaches the age of retirement he should be put on the shelf, even though medical science has extended the span of his years, so that he has health, so that he has ambitions, so that he is eager to work. They feel he should be put on the shelf despite the fact that he has skills and judgment and is trained to work. These are the people who have

something to offer their communities, yet some desire to put them on the shelf.

I join the distinguished Senator from Florida in deploring the fact that already the amendment to retain the retail and service exemption which the Senator intends to offer has been referred to as "hopeless." It has been said that it is bound to be beaten. Mr. President, if the Senate considers and discusses the question, and faces the facts involved in the proposed legislation long enough and carefully enough, the amendment will not be beaten. The bill, if the coverage is extended as it is sought to be extended, will serve as the entering wedge for further extensions, and its safeguards are bound to be torn away year by year. In my opinion, it will turn out to be one of the most atrocious things we shall have done to the working people of this country for a long, long time.

At whom are we striking? At the aged. At the women. At the widows. At the young people.

I wish to mention a few other items. I hold in my hand the summary of the minimum wage bill as reported by the Senate Labor and Public Welfare Committee. The summary emphasizes and enumerates some of the so-called, supposed safeguards. These are what I refer to as the "sugar coating on the bill."

There is a reference, of course, to the \$1 million gross sales provision in connection with retail establishments. I have already commented on the discriminatory nature of that proposal, and how certain it is, if the bill is passed, to be taken away.

I was very interested in item No. 5. It refers to telephone operators:

Changes existing exemption for switchboard operators limiting it to switchboard operators employed by an independently-owned public telephone company with 750 or fewer telephones.

That limits the exemption to operators in independently owned companies. That illustrates one of the great inconsistencies in the entire measure. Will someone kindly tell me what is to happen when the switchboard operators of an independently owned telephone company, a small company, find that the girls across the street, the girls with whom they went to high school, who are working in the next town for some component of the Bell Telephone System, are guaranteed a higher wage? We know exactly what will happen. What always happens every time we establish a minimum wage for one group or one class or one business and then try to exempt somebody else, to apply a double standard? These people are going to have to pay the same wages. That exemption is one of many exemptions which is not worth the paper on which it is written, as a practical matter.

The summary also lists another very sweet sounding provision in the bill which could lull us to sleep and make us all vote for it, but I hope it will not. Under the "other provisions" we find the following:

Nonprofit hospitals, educational, and other eleemosynary institutions not covered.

That is a great privilege. The bill does not, of course, cover the nonprofit hospitals, educational, and other charitable and eleemosynary institutions. I hope someone will be able to tell me how the Federal Government can reach into my city or into some other city, into my county or into some other county, or into my State or into some other State, to raise the minimum wage for people who are doing the same work, with the same responsibility and the same requirements, and then expect hospitals and other nonprofit activities to be able to hire help at a different wage. We are not being very practical.

That is another example of what happens. Of course the bill would strike the hospitals and would strike the charitable and nonprofit organizations, unless the whole community, the whole county, or the whole section had nothing else. When we raise the minimum wage for workers we raise the minimum wage for all workers. The so-called exemptions which are put in the bill are completely unrealistic, completely impractical, and only serve to illustrate and to emphasize the hidden dangers in the bill insofar as the extension of coverage is concerned.

Mr. President, I have covered briefly only one point in connection with the bill. I should like to repeat it. I am prepared to support a reasonable increase of the minimum wage, with due regard for its impact on inflation, on the soundness and buying power of the dollar, and on employment levels. But I cannot support the bill as long as it extends the long arm of Federal wage regulation far into the Main Streets of America.

This bill, with its extension of coverage, will do what?

The proposed legislation would strike one of the most vicious blows to small businessmen in small communities—the 2-, 3-, 4-, 5-, 8-, 9-, or 10-man business or enterprise—that has never been struck by any legislation that has ever been passed by the Congress in all of its history.

Observe what the measure proposes. Even if there were permitted to remain in the measure the impractical and unrealistic standard of a \$1 million gross business for a mercantile establishment, which will not remain, as I and other Senators know it will not, what would happen? At a time when we are crying out that we must increase the gross product and the gross income of this country, at a time when some of our friends are saying, "Oh, yes, we can have all this pie in the sky and we can give all these things to people because we are going to grow, and grow, and grow, in accordance with this great growth philosophy," what would happen? If the bill were enacted in its present form and allowed to remain, incentive would be removed. Not only that, but Congress would be saying to the small business people of this country, "You had better stay small. You cannot grow. If you reach the point where you have gross

sales of over \$1 million, then immediately you enter a new class. You enter the class to which different ground rules and a different system are applied."

Here is evident another inconsistency in the so-called exemptions, limitations, and restrictions. The small businessmen are told, "You had better not let your business grow. You had better keep it small. If you do not, you are in trouble."

Actually, however, while that is an apparent defect, it is not a defect that I care to emphasize; because that \$1 million limit will be rescinded, and the Federal act will be extended to every small business—small store, small restaurant—along the Main Streets of this country, if we breach the present exemption.

If we travel along the road of this warped and distorted and legalistic definition of interstate commerce, and if the Federal Government from Washington is going to reach into the Main Streets of every town and hamlet of this country, without knowledge of local conditions, without knowledge of local wage scales, without knowledge of the availability of local labor, we shall in effect be saying, "This is the Procrustean bed upon which you are going to be compelled to lie; you will pay this wage no matter what may be the conditions in your community; never mind if we put old people out of a job, no matter if we make it harder for students to earn some money during their vacations; never mind if people fall by the wayside; We will have a great standard minimum wage that goes into every community in the country."

I hope a realization of what the bill means, at least the provisions relating to the extension of coverage, to which I have confined myself, will seep into the minds of Members of Congress, and that more important still, it will seep throughout the country. If the people of the towns and communities of this Nation knew what the bill provides and what it would do, every Senator would receive the greatest outpouring of letters, telegrams, and requests that he has had for many, many a long moon.

I have been impressed by something on the other side of the fence which I wish to mention. Like every other Member of the Senate, I have talked with members and officers of labor unions about this minimum wage bill. I have said to them frankly that I would certainly consider voting for an increased minimum wage but not for an extension of coverage. In every case that I have talked with them face to face I have said to them, "Does it affect you? Does it affect the people in your community in the State which I have the duty of representing in part in this body? What does it do to you? What does it do to the people in your plant?"

Individual members of unions have talked to me about the question. In every instance these individual union members, who usually are employees of a textile mill, a shoe plant, or some other manufacturing establishment, have said,

"No, it will not do anything for me. My minimum wage is above whatever you would be giving. We are just interested in the little fellow throughout the country."

The little fellow throughout the country, I am guessing, is no different from the little fellow in my State, and the little fellow throughout the country, if this bill becomes law, will wake up and find that instead of having his wages increased, he will be out of a job.

So I wish to finish where I started by saying once more that the bill is based upon two philosophies—first, that the States of the Union, their legislatures, and their people are not competent to take care of the minimum wage requirements of their own small business enterprises and to look after their own workers in those enterprises that are, strictly speaking, not in interstate commerce.

Second, it is based upon the fallacy that we concentrate on wages and do not consider jobs. Wages may be temporarily increased, but the measure will destroy jobs for the people who need them most.

I certainly hope that the amendment which I understand will be offered by the Senator from Florida [Mr. HOLLAND] will prevail. I have enough confidence in the good sense and the practical knowledge of the Senate to believe that the amendment will be agreed to. If the bill does not contain a provision for the extension of coverage, I hope to be able to vote for a reasonable increase in the minimum wage throughout the country for those people for whom the law was designed. But I cannot vote for a bill that crucifies, destroys, and injures the people who need employment in the towns and cities of my own and other States.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. COTTON. I am very glad to yield to the Senator from Florida.

Mr. HOLLAND. First, I wish to compliment the Senator very sincerely for his fine address, so evidently based on his long observation and on his deep conviction. I certainly appreciate his having brought us the benefit of his experience.

The Senator has spoken with feeling of the elderly people in his State, such as the widows in his State who seek part-time employment, light employment of various kinds, to supplement their slender income. I am glad that he mentioned that point, because my own State, more than perhaps any other State, except one or two, and probably on a parity with them, is filled with elderly people, who have come to our State for health reasons, or simply for their declining years, because they enjoy the warm climate. Many of them come thinking that they have sufficient substance to maintain them throughout the rest of their lives.

Unfortunately, due to the inflation which in part is due to this same law that we are talking about, many of them have had to seek employment or part-time employment. Many of them are

employed in our hotels and other establishments which would come within the provisions of this bill. Many of them have eagerly sought an enlargement of the allowance, which the Senator spoke about so accurately, of \$1,200, which is the maximum that they can make without shutting off their social security payments.

I have endeavored to remedy that particular situation, as perhaps the Senator knows. The Senators from Florida have introduced over the years measures raising that \$1,200 figure to \$1,800, and to \$2,400. We have never been able to get a sympathetic hearing on that attempt to raise the allowance.

Mr. COTTON. If I may interrupt the Senator briefly, I would say that both Senators from New Hampshire have introduced similar bills, and have striven to bring about that result but they have found their efforts frustrated by the same objections by the same people.

Mr. HOLLAND. The Senator's experience is so like my own I can see that the misfortunes of our States, though many miles apart in geography, are much the same in connection with this problem.

I certainly commend the Senator's statement in full, particularly the part to which I have referred, because it deals with people who seek jobs which do not carry heavy payments. For instance, I know an elderly woman who is a salad mixer in a large hotel, or an assistant in that field—I do not know how many salad mixers are employed—and she is delighted with the part-time activity each day. I certainly would not want her employment disturbed.

Others who come to mind are those who work in telephone exchanges, or as answerers in a telephone exchange, to fill in for people who are out of town. The Senator is familiar with that kind of service. Others work in various other services, which also would be brought under the provisions of the pending bill.

I believe that those who have drafted the bill have too frequently been blind to the fact that they are going to do a great disservice to some people whom, I suspect, they are most anxious to help.

I thank the Senator for calling attention to this fact.

Mr. COTTON. I think—or at least I have seen figures which indicate it—that the State in the Union which has the largest percentage of elderly people is actually New Hampshire, with Florida close behind. So we do have indeed much in common in our solicitude for those of whom we have been talking.

Mr. HOLLAND. I certainly thank the Senator for that additional observation.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. COTTON. I am happy to yield to my distinguished senior colleague.

Mr. BRIDGES. I wish to compliment my distinguished colleague from New Hampshire for the very outstanding address he has just made. He has hit on many key points and on many fundamental aspects of the bill, particularly those sections that have to do with ex-

tended coverage. He has made a valuable contribution to the debate.

Mr. COTTON. I thank the Senator. Mr. HOLLAND. Mr. President, will the Senator yield for one more question?

Mr. COTTON. I am glad to yield.

Mr. HOLLAND. There is another provision in the bill which very seriously hits at people in my own State, and I wonder if it also adversely affects the people in the great fruit and vegetable industries in the Senator's State. What I have in mind refers to subsection (b) of item 8 shown on the summary of the bill which has been distributed to the desks of all Senators. The present law provides for 28 exempt overtime weeks each year, because by its very nature it is a seasonal business. I am wondering if those who put up preserves and berries and fruits and vegetables in the Senator's State would also be adversely affected by that provision, cutting down the time and cutting down the hours of work permitted without overtime being paid.

Mr. COTTON. I would say that, so far as I know, and from the information I have received from my State, that particular problem is not of paramount importance to my State. While we have quite a problem of securing seasonal help in picking our apples and harvesting our fruits, and indeed in connection with the potato crop and other matters, my information shows that the processing and canning done within our own State has not been seriously affected by the provision. We sell our fruits and send them to Boston and other industrial areas for processing.

I can readily understand that this would be of very grave significance where the processing and canning occupied a large amount of activity.

Mr. HOLLAND. The citrus processing industry in my own State is the largest fruit processing and canning industry in the world. I am advised by both the people who work in the industry and the employers that they will be very adversely affected by this provision. I thought that perhaps it might apply in the Senator's State also. I have eaten with great pleasure some delicious preserves and canned berries and small fruits which came from the State of the Senator from New Hampshire, and I thought perhaps that this limited season, which would be made even shorter by the suggested law, might affect his State also.

Mr. COTTON. It might well do so in some respects. I am sure the Senator will agree with me that this, with many other provisions in the bill, illustrates the whittling away of exemptions in the bill, which would be a continuous process.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. COTTON. I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. I wish to congratulate the able and distinguished Senator from New Hampshire for the brilliant address he has made this afternoon. I have had the pleasure of serving on the

Committee on Interstate and Foreign Commerce with the distinguished Senator from New Hampshire. I have always found him to be sound in his thinking and dedicated to the services of the people of his State and Nation. I wish to commend him for his fine address.

Mr. COTTON. I thank the able Senator from South Carolina. My regard for him and my deep respect and admiration for him make his words particularly precious to me. I thank him very much.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEATING. Mr. President, I was delighted to read in the President's message on Monday that he considers legislation relating to the coverage and the level of the Federal minimum wage to be an essential part of the work which Congress must do during this resumption of the 2d session. I agree entirely with his observations as to the necessity for proceeding, getting at, and sticking to the program which he has enunciated, as well as other necessary legislation.

We should not be limited to a select list which any one group or individual may have submitted to us.

The President, on May 3, in his special message to Congress, urged us, in the strongest possible terms, to take up minimum wage legislation. In his message on Monday, he again urged us to enact legislation in this vital area.

There is no reason at all why we could not have enacted this legislation during the regular session of Congress. We had ample opportunity to do so; there were weeks and months at a time when very little was accomplished here.

At any rate, all that is now behind us; and today we are confronted with proposed minimum wage legislation. It is clear that we could have considered this bill at greater length and with more deliberation and care if we had begun to do so several months ago.

As a matter of fact, minimum wage bills have been before the 86th Congress since it opened its doors for business early in 1959. Mr. President, there is little justification for the delay in getting this important legislation.

As I see it, Mr. President, the fundamental theory underlying the Fair Labor Standards Act, which the pending bill would amend, is that the Federal Government should play a role, although a limited one, in determining the specific wage level below which workers do not receive a sufficient income to adequately support themselves in the society in which we live. Such a minimum living wage has been established in order to prevent instances of suffering and abuse. Furthermore, it was designed to protect all Americans against instances in which underpaid workers would become bur-

dens on the communities in which they lived and upon the Nation as a whole.

I wish to share to this extent in the observations made by the distinguished Senator from New Hampshire. He expressed regret, as do I, over the failure of this Congress to do anything about the very serious problem relating to older workers who are confined in their earnings to the unrealistic limitation of \$100 a month, and who lose their social security benefits if they earn more than that amount. For a long time I have felt that if the social security system is to be a true insurance system, there is no reason at all why older workers should be limited in any way as to the amount of their outside earnings during the later years of their lives. Many of them would enjoy working and would have more useful and happier lives if they were working part time. If we are not prepared to remove the limitation entirely—as I feel sure we will at sometime—in the case of men between the ages of 65 and 72 and women between the ages of 62 and 72, certainly we should substantially raise the amounts they are permitted to earn without having to lose their benefits under the social security law.

The principle of a social minimum—and I stress that it is only a minimum—is a sound one. It has worked effectively since 1938, the year in which the Fair Labor Standards Act was enacted.

The pending bill calls for a gradual increase—extending over a period of years—in the minimum, to \$1.25.

Mr. President, on May 2 of this year there was published in the Washington Post an excellent editorial on this problem. This editorial was extremely persuasive on the need for a gradual increase in the minimum wage, culminating in \$1.25 an hour. I ask unanimous consent that this editorial from the Washington Post be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 2, 1960]

HIGHER MINIMUM WAGE

Modernization of the wage-and-hour law before Congress adjourns ought to be considered an essential. The coverage of the act has not been broadened since 1946, and the minimum wage of \$1 an hour has not been changed since 1955. In fairness to the underpaid workers who have felt the rising cost of living but who still earn pitifully low wages, the protections of this act should be enhanced.

Most urgent, in our opinion, is the inclusion within its provisions of many workers not now covered. Originally the act was applied to manufacturing, mining, wholesale trade, finance, insurance, and transportation. Now the Department of Labor thinks it is feasible to extend it to an additional 3.1 million workers in retail trade, construction, transportation, and communications. Unfortunately, this would leave nearly 5 million employees still unprotected, but a gradual approach probably is wise in extending a law so vitally bearing on employment and the cost of labor.

There is much disagreement as to what the new minimum wage should be. One bill under study would set the rate at \$1.25 an

hour—a 25 percent increase—and require it to be paid to all 8 million workers not now covered. This would be a drastic measure that might cause some unemployment. Secretary Mitchell testified that a 25-cent increase would have twice as great an impact on the low-wage industries—chiefly small business—as did the similar increase which became effective in 1956.

Whatever figure Congress may adopt for employees now receiving the \$1 minimum, it would be desirable to let the newly covered employees step up to it over a period of months. As some of the uncovered employees now earn only 60 cents an hour, a \$1.25 rate would more than double their pay. That might be ruinous to some small businesses and in any event would be a strong incentive to payroll trimming. Substandard wages ought to be eliminated from the American economy, but this should not be attempted in such long leaps as to defeat the purpose.

Mr. KEATING. Mr. President, as all of us know, at the time of its inception the Fair Labor Standards Act met with strong opposition from many quarters. But I believe that almost all Americans today recognize and accept the basic purposes of that act and are in essential agreement with the declaration of policy set forth in the preamble of the original act; namely, that it seeks to prevent labor conditions detrimental to the maintenance of the minimum standard of living necessary for the health, efficiency, and general well-being of workers.

Certainly my own party has, in its recently adopted platform, recognized the necessity for minimum-wage legislation. In our platform, we pledged an upward revision in amount and extended coverage of the minimum wage to several million more workers.

Minimum wage legislation involves both the Federal Government and the governments of the several States. In industries classified as intrastate commerce, it is the States which must act if workers and communities are to have the benefit of minimum-wage regulations.

New York State has always had model minimum-wage legislation. Our first minimum-wage bill was enacted in 1937, 1 year before the Federal law was enacted. That New York State law established a minimum wage on an industry-by-industry basis, by means of State wage orders set by minimum wage boards appointed by the New York State industrial commissioner. Not only is New York's minimum-wage legislation of long standing, but it has been kept up to date. This year, under the leadership of Governor Rockefeller, our legislature passed a State law increasing the New York minimum wage from 75 cents to \$1 an hour and extending coverage to an additional 700,000 workers. This law is presently being put into effect through the promulgation of new wage orders.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a memorandum by Governor Rockefeller, filed with the assembly bill passed the New York State Legislature on April 18, 1960 which raised the New York minimum wage to \$1 an hour.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM BY GOVERNOR ROCKEFELLER

This bill, recommended to the legislature in my annual message, establishes for the first time a statewide wage floor of \$1 an hour and streamlines the flexible industry-by-industry wage board procedure for establishing higher minimum wages for workers in the State.

The State's minimum wage law was enacted in 1937. It sets no general minimum, but provides for a tripartite wage board, appointed on an industry-by-industry basis, to establish minimum wages for each industry or occupation. Under this procedure, up to the present time approximately 1,300,000 workers in 10 different intrastate industries have been covered by minimum wage orders. This coverage has been slowly achieved and a great many workers, although not excluded by statute, remain uncovered by wage orders. A number of these workers are in lowpaid occupations.

This bill combines the simplicity of a statutory minimum wage with the desirable flexibility of the industry-by-industry wage board procedure. Specifically, the bill—

Extends minimum wage coverage to 700,000 workers who are not covered by either a State minimum wage order or by the Federal minimum wage law and establishes for them a minimum wage of \$1 an hour.

Raises to \$1 an hour all rates in the 10 existing minimum wage orders that are lower than \$1 an hour.

Retains necessary provisions for allowances for gratuities and meals, lodging and other items supplied by the employer.

Permits wage rates lower than the minimum for learners, apprentices, handicapped persons, and students employed at resort hotels and camps, in order to prevent curtailment of job opportunities for these workers.

Establishes a more expeditious wage board procedure by reducing, in a reasonable manner, the time-delay between the convening of the board and the effective date of new wage orders.

Requires the posting of reasonable security on appeals within the Labor Department in order to protect workers against negation of wage orders through default or dissolution of employers.

Reduces the number of hearings required for promulgation of a final wage order, while preserving fully the opportunity of all interested persons to be heard.

This measure represents a most significant achievement for the State of New York. It establishes for the first time a statewide wage floor of \$1 an hour. It also permits adjustment of minimum wages in sensitive response to general wage levels and living costs while, at the same time, preserving the flexibility required by the problems of each industry and occupation.

The bill is approved.

Mr. KEATING. Mr. President, although minimum wage legislation has always been of great importance to my State, the evidence clearly indicates that wages in New York State are well above the Federal and State legal minimums.

Let us look at the figures.

Mr. President, I submit two tables showing the average hourly wages in New York in both manufacturing and nonmanufacturing industries. I ask unanimous consent that they be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD.

TABLE I.—Employee earnings in manufacturing industries, New York State

Industry group and industry	Production-worker averages	
	Hourly earnings	
	April 1960	April 1959
All manufacturing.....	\$2.30	\$2.23
Durable goods.....	2.47	2.41
Nondurable goods.....	2.16	2.09
DURABLE GOODS		
Ordinance and accessories.....	2.78	2.67
Lumber and wood products, except furniture.....	1.82	1.81
Furniture and fixtures.....	2.14	2.08
Household furniture.....	2.04	2.01
Other furniture and fixtures.....	2.28	2.19
Stone, clay, and glass products.....	2.45	2.36
Glass and glassware, pressed or blown.....	2.41	2.35
Concrete, gypsum and plaster products.....	2.70	2.65
Abrasive, asbestos and miscellaneous mineral products.....	2.43	2.41
Other stone, clay, and glass products.....	2.28	2.14
Primary metal industries.....	2.81	2.77
Blast furnaces and steel mills.....	3.04	3.02
Iron and steel foundries.....	2.54	2.47
Nonferrous:		
Primary smelting and refining.....	2.81	2.58
Rolling, drawing, and extruding.....	2.55	2.57
Nonferrous foundries.....	2.49	2.42
Other primary metal industries.....	2.49	2.43
Fabricated metal products.....	2.37	2.32
Cutlery, hand tools, and general hardware.....	2.15	2.07
Heating (except electric) and plumbing equipment.....	2.53	2.50
Fabricated structural metal products.....	2.57	2.50
Metal stampings.....	2.53	2.50
Coating, engraving, and allied services.....	1.79	1.79
Other fabricated metal products.....	2.30	2.21
Machinery, except electrical.....	2.55	2.46
Engines and turbines.....	3.03	2.90
Construction machinery, elevators, etc.....	2.59	2.59
Metalworking machinery and equipment.....	2.58	2.48
Special industry machinery.....	2.54	2.46
General industrial machinery and equipment.....	2.37	2.30
Office, computing and accounting machines.....	2.47	2.38
Service industry machines.....	2.50	2.43
Other nonelectrical machinery.....	2.68	2.46
Electrical machinery, equipment, and supplies.....	2.23	2.17
Electrical industrial apparatus.....	2.66	2.56
Household appliances.....	2.02	1.94
Electric lighting and wiring equipment.....	1.98	1.95
Radio and television receiving sets.....	2.10	2.11
Communication equipment.....	2.28	2.19
Electronic components and accessories.....	2.16	2.11
Other electrical products.....	2.18	2.12
Transportation equipment.....	2.70	2.68
Motor vehicles and motor vehicle equipment.....	2.68	2.59
Aircraft and parts.....	2.74	2.78
Ship and boatbuilding and repairing.....	2.78	2.70
Other transportation equipment.....	(1)	2.54
Instruments; photographic and optical goods.....	2.50	2.45
Engineering, laboratory, and scientific instruments.....	2.76	2.64
Measuring and controlling instruments.....	2.31	2.26
Medical and dental instruments and supplies.....	2.15	2.18
Ophthalmic goods.....	2.28	2.15
Photographic equipment and supplies.....	2.64	2.60
Other instruments; watches, clocks and parts.....	2.28	2.22
NONDURABLE GOODS		
Food and kindred products.....	2.36	2.25
Meat products.....	2.47	2.56
Dairy products.....	2.48	2.27
Canning and preserving.....	1.88	1.81
Grain mill products.....	2.55	2.44
Bakery products.....	2.39	2.25

See footnotes at end of table.

TABLE I.—Employee earnings in manufacturing industries, New York State—Continued

Industry group and industry	Production-worker averages	
	Hourly earnings	
	April 1960	April 1959
NONDURABLE GOODS—CON.		
Food and kindred products—Con.		
Confectionery and related products.....	\$1.87	\$1.77
Beverage industries.....	2.94	2.87
Other food and kindred products.....	2.21	2.08
Tobacco manufactures.....	(2)	(2)
Textile mill products.....	1.83	1.77
Broad woven fabric mills.....	2.05	2.03
Knitting mills.....	1.72	1.64
Dyeing and finishing, excluding wool and knit goods.....	1.92	1.83
Floor covering mills.....	1.96	1.93
Other textile mill products.....	1.89	1.86
Apparel and other finished fabric products.....	1.97	1.93
Men's and boys' suits, coats, and overcoats.....	1.99	1.95
Men's and boys' furnishings and work clothing.....	1.66	1.65
Shirts (excluding work), collars, and nightwear.....	1.61	1.56
Women's misses', and juniors' outerwear.....	2.15	2.17
Dresses.....	2.13	2.19
Suits, skirts, coats (except rain or fur).....	2.42	2.44
Women's, children's, infants' undergarments.....	1.64	1.60
Underwear and nightwear.....	1.58	1.56
Corsets and allied garments.....	1.79	1.67
Hats, caps, and millinery.....	2.09	1.90
Girls', children's, and infants' outerwear.....	1.75	1.57
Fur goods.....	3.65	3.58
Miscellaneous apparel and accessories.....	1.79	1.75
Miscellaneous fabricated textile products.....	1.64	1.58
Paper and paper products.....	2.12	2.04
Paper mills, except building paper mills.....	2.25	2.18
Converted paper products, except boxes.....	1.96	1.90
Paperboard containers and boxes.....	2.11	2.05
Other paper and allied products.....	2.25	2.09
Printing, publishing, and allied industries.....	2.95	2.84
Newspapers.....	3.63	3.46
Periodicals.....	(1)	(1)
Books.....	(1)	(1)
Commercial printing and business forms manufacturing.....	2.92	2.83
Bookbinding and related industries.....	2.06	1.99
Service industries for the printing trade.....	3.94	3.75
Other printing, publishing, and allied industries.....	1.95	1.87
Chemicals and allied products.....	2.44	2.35
Industrial inorganic and organic chemicals.....	2.68	2.61
Plastics materials, synthetic resins, etc.....	2.58	2.39
Drugs.....	2.25	2.18
Soap, cleaning preparations, cosmetics, etc.....	2.39	2.23
Other chemicals and allied products.....	2.29	2.27
Petroleum refining and related industries.....	2.91	(1)
Rubber and miscellaneous plastics products.....	2.13	(1)
Rubber products.....	2.58	(1)
Miscellaneous plastics products.....	1.83	1.80
Leather and leather products.....	1.67	1.63
Footwear, except rubber.....	1.69	(1)
Handbags and other personal leather goods.....	1.55	1.49
Other leather products and leather.....	1.79	(1)
Miscellaneous manufacturing industries.....	1.86	1.83
Jewelry, silverware, and plated ware.....	2.26	2.20
Toys, amusement, sporting and athletic goods.....	1.70	1.67
Pens, pencils, office and artists' materials.....	1.70	1.75
Costume jewelry, costume novelties, notions.....	1.71	1.70
Other miscellaneous manufacturing industries.....	1.99	1.91

¹ Not available.

² Base figures too small to yield significant data.

TABLE 2.—Earnings and hours in selected nonmanufacturing industries, New York State

Industry group and industry	All employees, April 1960 (in thousands)	Nonsupervisory worker averages			
		Average weekly earnings		Average weekly hours	
		April 1960	April 1959	April 1960	April 1959
Mining: Nonmetallic mining and quarrying, excluding fuels ¹	4.8	\$124.22	\$107.09	43.5	42.6
Contract construction ²	263.3	138.19	127.18	35.5	35.0
Building construction—general contractors	53.2	130.88	120.31	35.9	35.1
Nonbuilding construction—general contractors	45.3	148.94	135.90	40.0	39.9
Construction—special trade contractors	164.8	137.59	127.49	34.2	33.7
Public utilities and related services:					
Electric, gas, and sanitary services	56.4	124.12	114.26	41.8	41.4
Telephone and telegraph communication	100.1	90.78	86.21	37.5	37.5
Local and suburban passenger transportation	16.1	111.95	107.22	44.2	45.2
Wholesale and retail trade ³	1,265.2	84.33	81.88	37.0	37.1
Wholesale trade	413.3	108.57	104.50	38.8	39.0
Retail trade ⁴	851.9	68.76	67.02	35.8	35.9
Building materials, hardware, farm equipment	33.3	87.34	81.24	38.8	38.7
General merchandise stores	140.0	55.90	53.43	33.5	33.0
Department stores	(4)	58.39	55.76	33.9	33.4
Food stores	145.7	72.11	69.01	35.2	35.3
Automotive dealers and service stations	79.5	84.72	(4)	40.7	(4)
Apparel and accessories	114.1	55.82	54.03	33.3	33.4
Furniture, home furnishings, and equipment	38.3	79.66	75.55	38.7	38.6
Miscellaneous retail stores	92.3	74.00	71.96	36.9	37.4
Finance and insurance:					
Banking	118.8	78.30	76.40	(4)	(4)
Security and commodity brokers, dealers, etc.	51.2	112.43	122.95	(4)	(4)
Insurance carriers, agents, and brokers	147.8	92.00	88.79	(4)	(4)
Services:					
Laundries and cleaning and dyeing plants ¹	(4)	56.87	54.84	39.7	39.6
Hotels, year-round	55.8	58.82	57.39	38.3	38.9

¹ Employment data cover all employees; earnings and hours figures cover production workers only.

² Employment data cover all employees; earnings and hours figures cover on site workers and also shop and yard employees engaged in types of work that might ordinarily be performed by construction trades workers.

³ Eating and drinking places are included in employment data but excluded from earnings data.

⁴ Not available.

Mr. KEATING. Mr. President, a quick review of these data will show that none of the rates listed for manufacturing industries are below \$1 an hour, or, indeed, below \$1.25 an hour.

In the case of nonmanufacturing industries, I do not have the hourly rates. However, it is clear from the weekly rates given and the average hours worked, that in these industries, as well, New York's average rates are well above the existing Federal minimum, or the proposed minimum of \$1.25, which is before us here today.

I realize, of course, that these are averages, and that there are undoubtedly industries and workers that are not represented which could be markedly affected by any change in either State or Federal minimum wage rates statutes.

Nevertheless, it is clear that New York State has done well by its people. We have had responsible government, and we have had a sound economy for years, and we are very proud of that fact. But there is one "catch." It is ironical that, in many cases, because of New York's good wages and community services, we have in recent years suffered the loss of industries which have moved to low-wage areas, oftentimes areas where wages have been deliberately and systematically kept down, to take advantage of these lower rates.

Although they were not intended for this purpose, Federal minimum wage laws have helped New York and other similarly high wage industrial States. By bringing wages in low-wage areas up to the Federal minimum, Congress reduces the capacity of low-wage areas to "pirate" away the industries of States which have good laws, strong laws, to take care of their workers.

In addition to the fact that minimum wage legislation is of very great assist-

ance to lower-paid workers and their families, its effect in reducing industrial relocation to low-wage areas is, to my mind, another and important reason for seeing to it that from time to time we make needed and realistic adjustments in the Federal minimum wage.

I am fully aware that many who are concerned about the bill before us today, S. 3758, are particularly interested in certain of its provisions which would extend the coverage of the Federal Fair Labor Standards Act to industries not previously covered.

I am aware of the basis of this concern, and shall certainly listen to the full debate which will take place on many of the amendments which will be offered to change, increase, or decrease here or there, coverage under the provisions of this bill, and will weigh these coverage provisions very carefully. In the final analysis, it is these sections which are, in many respects, the most significant and far reaching issues raised by the bill now before us.

As to the level of the minimum wage, I am entirely willing to accept the rates established in S. 3758. It calls for \$1.25 an hour for all presently covered workers, to be accomplished in gradual stages—actually reaching the \$1.25 level in 3 years.

For a 40-hour week, \$1.25 an hour means \$50 a week, or around \$2,600 a year. All of us know that today this is, by any standard, a very modest wage. A worker with a family is hard pressed to provide adequately for all of his needs on \$50 a week. In all those cases in which the jobs concerned are those of family breadwinners, with children, \$1.25 an hour is certainly not excessive. Below this level, real hardship can, and often does, result.

Mr. President, I have received many letters written by individuals, not inspired by organizations, which have been very persuasive in favor of the necessity for establishing a higher minimum than that under the present law.

There has been, of course, very active espousal of an increase in the minimum wage by several of our national organizations. I have met with many representatives of labor organizations and of trade and industrial organizations affected by this legislation. I have listened to their presentations with great interest and carefully reviewed the arguments of those on both sides of this issue.

I should like to pay tribute to the manner in which all of these organizations presented their views to me. They have been courteous and fair in their presentation, and I have appreciated the manner in which they have received my thinking on the subject.

Mr. President, at this point, I should like to offer for the RECORD a letter from the director of the Joint Minimum Wage Committee of the A.F. of L.-CIO, together with an attached list of New York representatives with whom Senator JAVITS and I conferred on minimum wage legislation. It is typical of the courteous way in which so many groups responded to discussions with them of minimum wage legislation. I ask unanimous consent to have it printed at this point in the RECORD.

There being no objection, the letter and list were ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., February 8, 1960.
HON. KENNETH B. KEATING,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KEATING: At the request of Miss Evelyn Dubrow, legislative representative of the International Ladies' Garment Workers' Union, I am sending you a list of names and addresses of the trade union delegation which met with you and Senator JAVITS last week.

The delegates have asked me to thank you for the time you spent with them discussing the importance of the \$1.25 an hour minimum wage and extended coverage of the Fair Labor Standards Act.

We sincerely hope that we can count on your support of this legislation when it comes before the Senate.

Sincerely yours,

KENNETH MEIKLEJOHN,
Director,
Joint Minimum Wage Committee.

LIST OF NEW YORK REPRESENTATIVES—NAME, HOME ADDRESS, AND UNION AFFILIATION

Marty Rose, 35 East Rich Street, Oswego, N.Y., Local 396, ILGWU.

Sam Fidre, 730 Dawes Avenue, Utica, N.Y., Local 1, Amalgamated Meat Cutters.

Helen Clemens, 1141 Whitesboro Street, Utica, N.Y., Local 345, ILGWU.

Sylvia McElheny, 330 Main Street, Poughkeepsie, N.Y., Local 269, ILGWU.

R. L. Bramucci, 283 Park Place, Brooklyn, N.Y., Local 91, ILGWU.

Sol Chakrin, 28-08 141st Street, Flushing, N.Y., Local 101, Amalgamated Meat Cutters.

Morris Horn, 56-11 East Hampton Boulevard, Bayside, N.Y., Local 627, Amalgamated Meat Cutters.

Milton Reverby, 82-12 167th Street, Jamaica, N.Y., District 65, RWDSU.

Sam Kovenetsky, 290 Seventh Avenue, New York, N.Y., Local 15, RWDSU.
 Carmen Rolon, 510 West 140th Street, New York, N.Y., Local 40, ILGWU.
 Mabel Fuller, 45 East 135th Street, New York, N.Y., Local 62, ILGWU.
 Carmen Rivera, 1495 Westchester Avenue, Bronx, N.Y., Local 62, ILGWU.
 Bebbie Matalon, 249 Avenue P, Brooklyn, N.Y., Local 91, ILGWU.
 John Gallany, 614 West 135th Street, New York, N.Y., Local 132, ILGWU.
 Julius Rubano, 18-31 Ditmars Boulevard, Long Island, N.Y., Local 1706, Insurance Workers.
 Eddie Nesbit, 211 West 146th Street, New York, N.Y., Local 132, ILGWU.
 William Baron, 160th Fifth Avenue, New York, N.Y., Local 331, A.C.W. of America.
 James A. Lewis, 3756 Bronx Boulevard, Bronx, N.Y., Local 333, A.C.W. of America.
 Joe Margolis, 111 East Seventh Street, New York, N.Y., Local 40, ILGWU.
 Abe Dolger, 90-10 149th Street, Jamaica, N.Y., Local 10, ILGWU.
 Mario Caiso, 2090 East Fifth Street, Brooklyn, N.Y., Local 48, ILGWU.
 Jay Mazur, 2685 Creston Avenue, Bronx, N.Y., Local 23, ILGWU.
 Harris Zinn, 126 Lexington Avenue, New York City, Local 105, ILGWU.
 Evelyn Dubrow, 10 Downing Street, New York, N.Y., ILGWU.
 Sebastiano Faraci, 1005 Esplanade, Bronx, N.Y., Local 48, ILGWU.
 Ben Follman, 764 Brady Avenue, New York, N.Y., Local 35, ILGWU.
 Jennie Silverman, 530 East Grand Street, New York, N.Y., Local 22, ILGWU.
 Richard Moore, 519 West 121st Street, New York, N.Y., Local 66, ILGWU.
 Anna Alonge, R.F.D. 1, Box 485, Walden, N.Y., Local 156, ILGWU.
 Enrico Dimanco, 269 Main Street, Buffalo, N.Y., Local 212, Retail Clerks.
 Richard Adams, 269 Main Street, Buffalo, N.Y., Local 212, Retail Clerks.
 Francine Gibbs, 45 Peckham Street, Buffalo, N.Y., Local 501, ILGWU.
 Edward C. Cluney, 36 Covington Road, Buffalo, N.Y., TWUA.
 Beatrice Wood, 619 Pennsylvania Avenue, Elmira, N.Y., Local 475, ILGWU.
 Frances Pryor, 9 South Miller Street, Newburgh, N.Y., Local 165, ILGWU.
 Sol Goldberg, 24 Parkway Drive, Newburgh, N.Y., Local 156-268, ILGWU.
 Irving Astrow, 29 Memorial Drive, Newburgh, N.Y., Local 165, ILGWU.
 Max Steinbock, 295 East Euclid Street, Valley Stream, N.Y., RWDSU.
 John J. O'Leary, 17 St. Joseph Street, Newburgh, N.Y., Local 898, TWUA.
 James Ponesi, 86 Benard Avenue, Newburgh, N.Y., Local 165, ILGWU.
 Helen McMaken, Mount Vision Road, Utica, N.Y., ILGWU, Local 510.

Mr. KEATING. Mr. President, one type of letter which I received, and which has carried great weight, has been from workers who themselves are not affected by any change in the minimum because they are now receiving more than the minimum, but who have recognized the necessity for relief for their coworkers who are not as fortunate as they. I want to commend the unselfish attitude of the many persons who have written to me in this vein.

When one takes the increase in the cost of living into account, its impact over the past several years, and its potential impact between now and the next 3 or 4 years up to 1963, when the \$1.25 minimum would begin, it is clear that the minimum wage cannot be held static.

It would be a fine thing if we could completely stabilize the increase in the cost of living. Great progress has been made in the course of the past few years as compared to the preceding years.

But there has been an increase in living costs. And even if human appetites are constant, prices do go up, and the needs of workers and their families can no longer be met satisfactorily under a minimum wage keyed to a previous period. But this increase in the cost of living, this inflation is not the only argument. As our national prosperity rises and tastes change, it is clear that our personal goals of achievement also change.

At one time, the average homeowner was content with a fireplace and good supply of fuel. Now, he needs central heating. To an extent, our minimum wage must take into account increases in living standards, which require that the wage earner's take-home pay be somewhat greater. I do not want to belabor this point. I think it is valid and of importance.

When all is said and done, the minimum wage must be of that level below which the savings to the employer are much less than the additional—and may I add, unwarranted—costs incurred by our total national economy.

Mr. President, as I pointed out earlier, the passage of statutes raising the minimum wage does not have a marked impact on New York State. New Yorkers are, in fact, often the victims of insufficient coverage of the Fair Labor Standards Act. I refer to those cases in which other lower wage areas are able to "pirate" industries away from New York because of the lower wages prevailing in these areas.

The force of competition makes it hard for the manufacturer to turn such opportunities down. The real loser is the worker who is exploited to attract him. It is this worker and his family who pay the price for this type of industrial relocation. More often than not, relocation turns out to be a headache to the new employer as well as to the community from which he moved.

Mr. President, to sum up, I am in agreement with the principle of a minimum wage. I do not feel that \$1.25 in 1963, 3 years from now is excessive.

I am eager to hear the debate and study the provisions of S. 1046 as to extending the coverage of the Fair Labor Standards Act. I am definitely convinced that it is these provisions which are most fundamental and perplexing and which we must scrutinize and discuss to the fullest possible extent in our consideration of the bill which is now before us.

We must consider these provisions, which have been the subject of considerable study by members of the committee and those outside the committee who have also given much conscientious study to these provisions.

I feel sure that we can enact a measure which will be satisfactory, which will, in turn, be approved by the Chief Executive, and which will become law, to the benefit of all our Nation's industries and

to the benefit of workers in these industries.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

HEALTH PLANS FOR THE AGED

Mr. DOUGLAS. Mr. President, as a member of the Committee on Finance and, indeed, as a Senator, I have a particular interest in the various proposals for health plans for the aged which are now before the Congress and the committee.

I am convinced that such programs should be under social security and that, in addition, we should provide a health plan for the aged who are outside social security. I am a sponsor of the McNamara bill and I believe in the principles which are to be found in it. In addition, I shall support in committee, as a minimum, the Anderson amendments which, while they do not go as far as the McNamara bill, would establish the program under social security and would provide an excellent beginning.

The Anderson amendments provide for an increase in the combined employer-employee contributions of one-half of 1 percent with a corresponding increase of three-eighths of 1 percent in the contribution of the self-employed.

As I reviewed the proposal it seemed to me that perhaps even more benefits might be provided for the increase of one-half of 1 percent in payroll contributions than the estimates by the Social Security Administration gave for the Anderson amendments. I therefore addressed a letter on August 1, to Mr. Robert J. Myers, the Chief Actuary of the Social Security Administration, proposing some additional benefits and asking for an official actuarial cost estimate of the proposal.

I ask unanimous consent that a copy of my letter to Mr. Myers, along with the specific proposals for health benefits for the aged be printed in the RECORD at this point.

There being no objection, the letter and specific proposals were ordered to be printed in the RECORD, as follows:

AUGUST 1, 1960.

Mr. ROBERT J. MYERS,
 Social Security Administration,
 Washington, D.C.

DEAR Mr. MYERS: Would you kindly give me estimates on the cost of the attached proposal for providing health benefits for the aged as part of the old-age, survivors, and disability insurance system?

My objective is to provide a constructive program which can be adequately financed by additional contributions of one-fourth percent by employers, one-fourth percent by employees, and three-eighths percent by the self-employed on earnings up to \$4,800. These contributions would start in 1961, and benefits would be payable September 1.

I would appreciate knowing (1) the level-premium cost by item, and the early-year cost in percent of payrolls and in dollars; (2) whether the proposal can be considered actuarially sound.

With best wishes.

Faithfully,

PAUL H. DOUGLAS.

PROPOSAL ON HEALTH BENEFITS TO COST 0.5 PERCENT OF PAYROLLS

Persons eligible: OASDI eligibles 68.

Benefits (starting September 1, 1961):

1. Hospital care up to 180 days with an initial deductible of \$75.

2. Skilled nursing-home recuperative care, up to 180 days, but with a ceiling of 300 days on combined hospital and nursing-home care.

3. Home health services by a nonprofit home health service agency—365 days.

4. Diagnostic outpatient hospital services. Possible modifications (to reduce cost if the above exceeds 0.5 percent on an actuarially sound basis):

1. Increase the initial deductible to \$100, with or without a 3-day limitation.

2. Introduce a deductible of \$10 in connection with diagnostic outpatient hospital services.

Financing: One-fourth percent contribution by employers and employees, and three-eighths percent by the self-employed, starting in 1961, with a special account or trust fund.

Mr. DOUGLAS. The proposal differs from the Anderson amendments primarily by cutting out the second \$75 deductible to be paid after 24 days in a hospital; by providing for home health services in addition or in lieu of visiting nurse services; and by providing for diagnostic outpatient hospital services.

These are very important items. They would allow a doctor, for example, to consent to bringing in practical nurses or others to clean up the home and care for the aged a few hours a day without having to have this done either by a registered nurse or by a licensed nurse.

In addition, the proposal would allow a doctor to have an elderly person receive diagnostic services without actually entering a hospital. This is important for a variety of reasons, namely as a step in preventive medicine and so that the elderly may receive some treatment before they become so ill that they have to be hospitalized or institutionalized to receive help.

Mr. Myers replied to me on August 4. He stated that the total level premium cost for the proposal was 0.51 percent of payroll and stated that "the proposal as it stands can be considered to be fully financed and thus actuarially sound."

I ask unanimous consent that a copy of his reply be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
SOCIAL SECURITY ADMINISTRATION,
Washington, D.C., August 4, 1960.

HON. PAUL H. DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOUGLAS: This is in response to your letter of August 1 requesting actu-

arial cost estimates for a proposal and several alternatives for providing health benefits for all eligibles of the old-age, survivors, and disability insurance program aged 68 and over. This would be financed by an increase in the combined employer-employee contribution rate of one-half of 1 percent (and a corresponding increase in the contribution rate for the self-employed).

Under the proposal, benefits would first be available for September 1961, while the additional contributions would begin in January 1961. The first benefit would be hospital care up to a maximum of 180 days, with an initial deductible of \$75; this has a level-premium cost, according to the intermediate-cost estimate, of 0.44 percent of payroll. The second benefit would be skilled nursing home recuperative care up to a maximum of 180 days (but with an overall maximum of 300 days for this benefit and the preceding one); the level-premium cost is 0.01 percent. The third benefit would be home health services (by a nonprofit agency) for a maximum of 365 days; the level-premium cost is 0.01 percent. The fourth benefit would be diagnostic outpatient hospital services (without any limits prescribed); the level-premium cost is 0.05 percent.

The total level-premium cost for the above proposal is thus 0.51 percent of payroll, which is almost exactly the same as the additional contributions provided, so that the proposal as it stands can be considered to be fully financed and thus actuarially sound. The total cost of the proposal in the first full year of operation is estimated at \$710 million, which is equivalent to 0.34 percent of payroll.

You suggested two possible modifications to reduce the cost of the proposal, if necessary for actuarial soundness. Although this does not seem necessary in view of the above analysis, I am nevertheless giving you the effect of these modifications. First, if the initial deductible for the hospital benefit is increased from \$75 to \$100, the level-premium cost would be reduced by 0.04 percent of payroll. Second, if a \$10 deductible is introduced for the diagnostic outpatient hospital services, the level-premium cost would be reduced by 0.01 percent of payroll.

I hope that this furnishes you with the information that you desire. If not, or if there is anything further than I can do for you, please let me know.

Sincerely yours,

ROBERT J. MYERS,
Chief Actuary.

Mr. DOUGLAS. On August 9 I sent Mr. Myers a telegram asking for more detailed year by year statistics on the contributions and the cost of benefits and the size of the ultimate reserve.

I ask unanimous consent that my telegram to him appear at this point in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

AUGUST 9, 1960.

MR. ROBERT J. MYERS,
Chief Actuary, Social Security Administration,
Department of Health, Education,
and Welfare, Washington, D.C.:

Deeply appreciate your full and courteous reply to my letter of August 1. I am greatly reassured by your figures. You estimate the cost for the first year of the constructive program which I outlined at \$710 million, or equivalent to 0.34 percent of payroll. You also state that the total level premium costs of the proposals would be 0.51 percent of payroll. I would now appreciate more detailed statistics year by year giving the

balance of contributions and benefits and the size of the ultimate reserve.

PAUL H. DOUGLAS.

Mr. DOUGLAS. Mr. Myers replied on August 10. His figures indicate that until 1985, contributions would exceed benefits. During the next 15 years, or to the year 2,000, benefits would exceed contributions. In the next period, or to the year 2015, contributions would again be greater than benefits, and following that benefits would again exceed contributions. However, Mr. Myers points out that up to the year 2040, any excess of benefits over contributions would be counterbalanced by interest earnings credited to the account.

In addition, Mr. Myers points out that the fund would build up from a figure of \$2 billion by the end of the year 1965, to \$4 billion by the end of 1970, \$13 billion by the year 2,000, and \$27 billion by the year 2040.

I ask unanimous consent that Mr. Myers' further memorandum and attached tables appear in the RECORD at this point.

There being no objection, the memorandum and tables were ordered to be printed in the RECORD, as follows:

AUGUST 10, 1960.

Memorandum: Robert J. Myers.

Subject: Progress of medical insurance fund under proposal of Senator DOUGLAS.

This memorandum presents an estimate of the progress of the medical insurance fund that would be established under a proposal by Senator DOUGLAS. The level-premium cost of this proposal according to the intermediate-cost estimate is 0.51 percent of payroll, or slightly more than the additional combined employer-employee contribution rate of one-half percent provided by the proposal.

The attached table shows the estimated progress of the medical insurance fund consistent with our long-range OASDI cost estimates. In calendar year 1961, income would exceed outgo by over \$700 million, since contributions would be collected during the entire year, but benefit payments would be made only for the last third of the year; there would, of course, be some lag in the collection of contributions, particularly in respect to self-employed persons. In 1962 and the years immediately following, contributions would be about \$300 million more than benefit payments, with the difference gradually decreasing in future years; and, in fact, becoming virtually eliminated by 1985. From 1985 to 2000 benefits would exceed contributions. Between 2000 and 2015, contributions would again show a small increase over benefits, because of the relatively small size of the aged population at about the turn of the century. Thereafter, however, benefits would again rise more rapidly than contributions and would exceed them by a significant amount. However, up to about the year 2040, any excess of benefits over contributions would be counterbalanced by interest earnings credited to the account. From then on, benefits are expected to exceed the combined income from contributions and interest.

As a result of the significant excess of contributions over benefit payments for the next few decades, a sizable amount in the account would be developed. This would amount to over \$2 billion at the end of 1965, almost \$4 billion at the end of 1970, \$13 billion in the year 2000, rising to \$27 billion in the year 2040, and from then on, gradually declining.

ROBERT J. MYERS.

Estimated progress of medical insurance fund under proposal of Senator Douglas
[All figures in millions]

Calendar year	Contributions	Benefit payments	Interest on account	Account at end of year
1961.....	\$835	\$134	\$9	\$710
1962.....	1,038	706	24	1,066
1963.....	1,053	716	35	1,438
1964.....	1,069	770	48	1,785
1965.....	1,084	803	61	2,127
1970.....	1,177	941	124	3,921
1980.....	1,372	1,262	216	7,413
1990.....	1,593	1,625	303	10,309
2000.....	1,852	1,852	393	13,391
2025.....	2,318	2,781	749	25,317
2040.....	2,462	3,348	795	26,664

Mr. DOUGLAS. Mr. President, these figures indicate that even somewhat greater benefits than those provided by the Anderson amendments can be fully financed by the contribution of 0.50 percent of payroll provided in the Anderson amendments.

It is of great importance that this long overdue program be gotten under way at once. It is clear that the Anderson amendments are more than actuarially sound and that when the bill gets to the floor the benefits for the level premium cost of 0.50 percent of payroll can be increased considerably.

Personally, I am prepared to move even beyond this and provide that nursing home care be available not merely as "recuperative care" after a hospital stay but in combination with or in lieu of hospital care. In other words, I think we should provide for nursing home care initially as well as following hospital care. This would cost an additional 0.10 percent of payroll. I favor this for I think it is of great importance that the aged of this country be provided with adequate medical care both within and outside hospitals.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. McNAMARA. I should like to ask the Senator from Illinois if he now feels that the age limit of 65 established in the original bill that he cosponsored is not actuarially sound?

Mr. DOUGLAS. I think it is actuarially sound if the assessment is raised to the figure provided by the Senator from Michigan.

The Anderson amendment was an attempt to reduce the total.

Mr. McNAMARA. That is correct.

Mr. DOUGLAS. I merely say that within the limits of the Anderson amendment more benefits could safely be provided than contemplated in the original proposal of the Senator from New Mexico.

Mr. McNAMARA. With a very slight pick up in our gross national product and with a comparable pick up in our economy, I believe that we can stick with the bill that the Senator from Illinois and I sponsored originally. I believe that Mr. Myers has gone overboard on the safe side. I hope the Senator will not leave us at this point.

Mr. DOUGLAS. I am a follower of the Senator from Michigan on this subject. He is the chairman of the Sub-

committee on the Aged. I think his is the best bill, and I will support it. I merely say that if we are driven to the Anderson bill, we can provide more benefits under the Anderson contribution rates than the Anderson benefit provisions now provide.

Mr. McNAMARA. I thank the Senator.

Mr. JAVITS. Mr. President, will the Senator yield for a question?

Mr. DOUGLAS. I yield.

Mr. JAVITS. Merely for the purpose of information from the Committee on Finance, can the Senator tell us whether, when the committee brings whatever bill it brings to the floor, it will bring us the various responses to actuarial and factual questions which it has received?

I believe that would be extremely helpful. As the Senator knows that is a subject in which I have a very deep interest. I think it would be helpful if they did what the Senator is doing graciously today, give us the individual data that they have accumulated, such as the cost of the alternative of a home-care nursing program along the line of the information the Senator has given us with respect to the additional one-tenth of 1 percent of payroll deduction. That is extremely important. I hope the Senator will help us to have that information on the floor.

Mr. DOUGLAS. I am not the chairman of the committee, but I agree that the Membership of the Senate should have available to it the fullest information on the approximate cost of various features, not merely as totals, but broken down with respect to individual items.

Mr. JAVITS. As they have already been ascertained, so we will not have to guess about it.

Mr. DOUGLAS. Yes.

Mr. McNAMARA. I should like to say to the Senator from New York that we have all kinds of breakdowns. I shall be glad to answer any of his questions along that line. We have those figures in our subcommittee.

Mr. JAVITS. I hope very much that when we get the bill on the floor this information will be available. I think this is one bill that will be written on the floor.

Mr. McNAMARA. We will have the information available.

THE PROMISES AND PROBLEMS OF AMERICA IN THE 1960'S

Mr. BRIDGES. Mr. President, I believe in the system of government established in the beginning of this Republic. In plain words, I am a man who takes the Constitution seriously.

Not only do I believe in its validity as law; I also believe in the broad philosophy of government that inspired the Founding Fathers to devise the Constitution. These were men who had known tyranny firsthand. Their uppermost thought was to guard against it.

I believe in the principle of federalism. And I agree with Abraham Lincoln that "the Union must and shall be preserved." I disagree with those who say all government is evil. An unorganized people is

incapable of maintaining internal order or of defending themselves. However, strongly centralized government—fascism, communism, or socialism—can survive only at the expense of freedom.

A union of strong State and local governments offers the best hope of maintaining strength without losing freedom.

NO MAGIC IN GOVERNMENT

The older I grow the more I marvel at the willingness of many people to believe that there is magic in government; the more government we have, the more magic available.

I have been a Member of the U.S. Senate for 24 years. Before that, I served as Governor of my State. During those years, I have never seen evidence of any magical formula for solving problems of government.

Nevertheless, there is no shirking the fact that we seem to need a good deal of governing—more in our time than 50 years ago. Our vastly more complex social order appears to require more complicated types of regulation. But, the best regulation is self-regulation; the most efficient government is self-government.

When neither the efforts of individuals nor of local governments can cope with a problem, the State, and then, if necessary, the Federal Government should step in.

The American system of government is serving our people magnificently. I shall not dwell on the statistical facts reflecting our tremendous economic growth. Let it suffice merely to mention that, in 1952, the average weekly earnings of factory workers was \$67.97. Today it is well over \$90.

During this same period, homeownership has risen at a steady and healthy rate—and I mention that because I know of no more reliable and significant indicator of economic health. Today more than 60 percent of us own or are buying our own homes.

THE PROBLEM OF INFLATION

During the past quarter century of crisis during which economic catastrophe was followed by war, more economic troubles, and yet another war, the problem of inflation reared its ugly head, and the cost of living soared.

The 100-cent dollar slipped downward to 90 cents, then 80, 70, and so on, until, during the Korean war, it skidded to 52 cents. We put the brakes on the inflationary roller coaster in 1953, and since then, have held the depreciation of the dollar to just a few cents. It is now worth approximately 48 cents, in comparison with the 1939 dollar.

No matter how we express it or illustrate it, inflation is a major problem. It is a black mark on the record of our economic performance and a black cloud on the horizon of the 1960's.

In my opinion, although we have effectively slowed down inflation in the past few years, it is still the major domestic problem facing the Nation.

THE THREE CAUSES OF INFLATION

There are three principal causes of inflation. One is profiteering by business.

Another is excessive wage demands by labor. The third, and the one I am most directly interested in, is irresponsible Government spending.

The clearest lesson of the past is that no society can long tolerate continued depreciation of its currency. Within the present century inflation has played a major role in the destruction of pre-Communist Russia, pre-Hitler Germany, and pre-Communist China. More nations have fallen as a result of inflation than as a result of war.

I believe the following quotation illustrates this point graphically:

The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring temporary prosperity; both bring a permanent ruin. But both are the refuge of political and economic opportunists.

INFLATION THREAT MUST BE MET HEAD ON

This threat, which dominates the domestic problems confronting us in this decade, must be met head on. There is no magic formula that will solve it. It cannot be solved by political drumbeating or the reckless spending of the people's money.

We must set higher standards of fiscal responsibility. The prevailing policy too often has been a combination of promising handouts to every special interest group that comes along, plus an unwillingness to tell the people frankly and honestly what the cost will be in terms of higher taxes or deficit spending—and the cruel indirect tax of inflation which inevitably results.

BALANCED BUDGET KEY TO PROGRESS

The mistaken idea has been planted that the drive for a balanced Federal budget stifles progress. On the contrary, by balancing the budget, the Federal Government can contribute to solid progress by stabilizing the dollar. The alternative is creeping or leaping inflation—depending on the amount of deficit spending.

Inflation is not progress—it is only the illusion of progress. During inflation we receive higher wages, but it buys less than before, so how can we say we are making progress?

The greatest service the Federal Government could do for the people right now is to put its fiscal house in order. The greatest service the people could do for the Federal Government is to demand fiscal responsibility of elected representatives.

MY OPPONENT IS INTERESTED IN DOLLARS; I AM INTERESTED IN PEOPLE

One political accusation that I am sick and tired of hearing is the one that goes something like this: "My opponent is interested in dollars; I am interested in people."

That is the cry of the demagog. What hogwash.

This absurd charge is usually leveled at any conscientious public servant who questions a costly Government spending program designed to benefit a special interest group.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. HOLLAND. Do not Senators of every conviction, of every philosophy, in

every area, in every party have to be elected by the votes of the people?

Mr. BRIDGES. That is correct.

Mr. HOLLAND. They, therefore, very directly represent the people and have to be elected by them before they can get into office.

Mr. BRIDGES. They certainly do, and should be.

Let me ask this question: Whose dollars are we talking about? Are they not the people's dollars? Or have we forgotten the screams of anguish against Government spending the last time income taxes were due?

I think this question should be asked of every Government spending proposal: Is it the best use of the public's money in the public's interest?

THE MORTGAGE ON AMERICA'S FUTURE

Many people know that we have a so-called public debt of \$292 billion.

But even that staggering figure does not tell the whole story of the mortgage on America's future.

If there is any group which should be interested in the mortgage on America's future, it should be the young people of the country.

The fact is that our present national debt of \$292 billion doesn't include present Federal liabilities for past services in even greater amounts.

These present liabilities for past services—in the form of military retirement, retirement for civilian Government employees, pensions and compensation to veterans—come to another \$350 billion. I am not criticizing these particular programs. They are justified and, I believe, sound. But nevertheless, they must be added to the tally.

But even that is not the whole story.

On top of all that is \$98 billion of commitments for future Federal spending for such things as the Interstate Highway System, public works, public housing, and unexpended balances in the defense program.

This comes to an incredible grand total of \$740 billion.

That is the Federal Government's mortgage on America's future, beyond the regular annual costs of defense and necessary domestic programs.

Now I ask: Do we have a right to allow this time bomb to keep getting bigger and bigger until it explodes under future generations of Americans?

I say we have no such right.

I say we have a responsibility to our children and their children to start reducing this mortgage by making some payments on the principle of our national debt.

Common sense tells us we cannot live forever on credit cards. The same thing applies to government.

The Government has to start paying its own way, now and in the future.

LEGISLATION TO CURB INFLATION

I believe this so strongly that over the years I have introduced and supported as much, if not more, legislation than any other Senator now in the Congress, aimed at curbing the trend toward fiscal suicide. I am proud to say that many of my proposals have been adopted. I am sorry to say that others have not. But I shall never give up this fight.

The distinguished senior Senator from Virginia, HARRY F. BYRD, and I cosponsored the Bridges-Byrd constitutional amendment that would put the Federal Government on a pay-as-you-go basis. When enough of our senatorial colleagues are sufficiently concerned with the alarming state of the U.S. Treasury, I believe this proposal will be adopted.

Despite the huge public debt, there are certain domestic programs that need to be instituted, expanded, or revised. Some of them would save tax money. Some would cost money. I think we could accomplish these programs, and pay as we go, too.

SOCIAL SECURITY MUST BE MODERNIZED

A person who works 30 or 40 years, through savings, participation in a pension plan, and/or the social security program, is entitled to live out his years in peace and financial security.

However, when a person saves on the basis of a 100-cent dollar, but upon retirement finds that he must pay for food, shelter, and clothing on the basis of an inflated dollar—it is like changing the rules in the middle of the game, and it is not equitable.

The rules have changed in the past 20 years, during which, as I mentioned earlier, the dollar has depreciated from 100 cents to 48 cents. As a result, many of our senior citizens are caught in an inflationary trap not of their making.

We relieved the pressure somewhat when the personal exemption for income tax purposes was raised to \$1,200 for persons over 65 years old. This move I supported for a long period but the seriousness of the problem calls for additional action.

There are various recommendations before Congress having to do with easing the pressure on our senior citizens. One, which I introduced, would permit a man or woman to earn up to \$1,800 a year without sacrificing any of his social security benefits. This, it seems to me, is logical and just. The Nation needs the wisdom and skills of our elder citizens. And they need the freedom to work and earn, to the limit of their capabilities. The present law puts a penalty on those who are able and happy to work and earn.

MEDICAL AID FOR THE AGED

Another proposal before Congress of interest to our retirees is the plan for hospitalization insurance for citizens over 65 years old.

Actually, there are several proposals. One is the Forand bill—a compulsory, socialized-medicine approach that would be operated by the Federal Government. Another is the administration's Medicare plan—a voluntary plan in which responsibility would be shared by the Federal Government, the States, and the individual. In addition, several other plans on this subject have proposed greater or less coverage than the first two proposals.

The Forand bill benefits many people who do not need the benefits, but leaves out 4 million aged not covered by social security, more than half of whom have incomes of less than \$1,000 a year. And

the Forand bill is compulsory for those who come under its provisions.

I am opposed to compulsion.

I believe in personal freedom.

I will support a workable, and equitable plan which will benefit the largest number of our senior citizens in the lower income brackets.

INTERNAL SECURITY

I often refer to the Communist conspiracy as "international," because it operates in every country of the world including the United States. It will continue to be a grave problem for many years into the future.

This means that our law enforcement agencies at every level of government will have to devote time, study, and manpower to this evil menace.

Everybody is against communism, but all too few of us fully understand the nature of the beast and even fewer of us do anything practical to expose and retard it from making further inroads into our society. Merely being "against" leprosy is not going to do much to stop the spread of that dread disease or to prevent others from contracting it. Communism has been aptly described as a leprosy of the human soul. It most positively is not the result of poverty and ignorance as so many well-meaning but badly informed people will still try to tell you even today.

HOME-GROWN COMMUNISTS AND COURT CONFUSION

It has been pointed out years ago that those States with the highest income levels and highest expenditures per capita for education also have the largest percentage of Communists.

During 1947 and 1948, when the House Committee on Un-American Activities was holding its sensational hearings exposing Soviet atomic espionage in this country, a long list of witnesses took the fifth amendment, not only on the question of whether they were Communists, but also on the question of whether they had ever engaged in espionage. With two or three exceptions, they were all native-born Americans with exceptional scholastic records.

In spite of the proven threat, the Supreme Court of the United States ruled, in the *Steve Nelson* case, that the States could not enforce their anti-subversion laws. The Court's decision was based on the so-called preemption doctrine that the State's law had been invalidated by Federal law.

I have sponsored legislation that would specifically authorize the States to enforce their anti-Communist laws. We must fight communism with every weapon of the law, at every level of government.

THE LOYALTY OATH

The attack on the loyalty oath provision of our National Defense Education Act is another symptom of misguided liberalism. I see nothing wrong in asking all persons who are receiving any kind of financial assistance from American taxpayers to pledge allegiance to the principles for which the Nation stands.

We need more patriotism in this country, not less. We need, as we have never needed before, young people who will realize what has made America strong.

And we need young people who are not ashamed to stand up and proudly say that they pledge their allegiance to the United States of America.

THE PROBLEM OF CRIME AND JUVENILE DELINQUENCY

According to FBI figures, one murder or other major crime is now committed in the United States every 4 minutes. Last year, some 271,000 autos were stolen.

Some believe that crime was largely the product of poverty, ignorance, lack of schooling, bad companions, and bad home influence. But some of our most shocking and senseless crimes are committed by youngsters from good homes and the products of the best and most expensive educational system in the world. Some 800,000 youngsters under 18 years of age were arrested in 1958 for crimes other than traffic violations. Almost 20 percent of some 2 million persons arrested were under 21. Obviously, all of the 800,000 juveniles involved in crimes in 1 year could not have come from broken homes or underprivileged families.

When testifying last February before a congressional subcommittee, J. Edgar Hoover stated that lewd films, indecent magazines, sensational yellow journalism, and lurid, crime-inciting TV shows were in part responsible, particularly books, magazines, TV shows, films, and other media which glamorized and glorified criminals and poked fun at traditional religious virtues, morality, and ordinary decency.

COMMERCE AND SMALL BUSINESS

The Constitution proclaims, in part, that Congress shall have the power "to regulate commerce with foreign nations, and among the several States."

This is as it should be. Chaos would result if each State made its own rules and regulations concerning the tons of products which flow across State lines and abroad, in trucks, trains, ships, and planes.

I hold the view that Federal laws affecting commerce should be predicated on the mutual well-being of all the States, and should never benefit one at the expense of others.

Therefore, I have opposed, in its present form, the so-called depressed areas legislation, because it could be used as a license for industry pirating, subsidized by taxpayers money.

With equal vigor, I support trade policies, both foreign and domestic, that serve the long-range interests of our industrial shareholders and our workers' wages.

For my native New Hampshire and for the overall well-being of the Nation, I have for 24 years used my good offices on behalf of the textile, lumber, leather goods, mica, and other industries, and the millions of American workers they represent.

Small business, the backbone of our economy, deserves special attention, and has received it. The Small Business Administration, created by the 83d Congress, is one of the finest and most efficient agencies of government in this country. I voted to create it, and I have consistently voted to sustain it. My only regret is that more small businesses

do not take advantage of the services offered by the SBA. But I believe they will as time goes by and as its work becomes better known.

THE FARM PROBLEM AND SURPLUSES

The farmer is caught in a vicious cost-price squeeze brought on by ever-rising labor, tax, and other production costs. But the farmer's best interests are not served by merely imposing high, rigid price supports on the crops deemed to be basic.

Such Federal policies may bring temporary relief to those on the receiving end of the subsidies, but they do not solve the long-range farm problem. On the contrary, they aggravate the situation, by encouraging the production of greater surpluses and by bringing about higher taxes which fall equally upon the farmers and the industrial workers.

When I review farm legislation and proposals, sometimes I wonder whether the authors have ever seen the inside of a dairy barn. Price supports on feed grains have cost billions of dollars during the past several years to the poultrymen, the dairymen, and the feeders of other livestock.

The farmer's problems will be solved by seeking to eliminate the causes of current dislocations in agriculture. Surpluses must be reduced; the wage-price spiral in industry must be halted; and strict economy must be observed in the administration of our farm programs.

Net farm income must be raised; and, at the same time, the inflated levels of other segments of the economy must be lowered, so that farm income has a chance to catch up.

EDUCATION, LABOR, AND MANPOWER

As a member of the Senate Committee on Aeronautical and Space Sciences and as a member of the Preparedness Investigating Subcommittee, I have taken part in what I consider the most vital deliberations of this session of Congress.

In plotting our Nation's role in the conquest of outer space, we have had to give prime consideration to the shortage of engineering, scientific, and technically trained manpower. More than that, we have had to consider the future problem of manpower for the Nation's industrial machine that produces consumer goods. These problems are closely related. This Nation seeks to avoid a situation such as that which exists in Russia, where the people are starving for consumer goods because manpower is siphoned off for the production of other goods.

OUR SCHOOL SYSTEM SUPERIOR TO THE RUSSIANS

Let me make one thing clear before going any further: I am not panicked by the rather loose comparisons being made these days between our educational system and that of the Soviets. Such talk got its inspiration from Russia's success in launching the first earth satellite—Sputnik I in October 1957.

Their capability to accomplish such "spectaculars" is based on their ruthless power to regiment their human and material resources, including their educational system, without regard to the real needs of their people.

They pinpointed their efforts while we advanced on a broad front. The result is that now we are far ahead of them in overall scientific achievement in space exploration. At the same time, we have produced more and better consumer goods for our people.

To me, this is evidence that our educational system is superior to anything behind the Iron Curtain. We have better teachers, better school facilities, and we turn out a better finished product.

Our school system was built at the local level by local people with local revenues. They maintain it, and they improve it as has been done on a gigantic scale during the last few years.

I cannot see that any improvement would be realized by having the Federal Government take the money now spent locally, and then dole it out again—minus expenses, of course. Federal aid to education is costly. And it opens the door to centralized influence and limitations of academic freedom.

MANPOWER REQUIREMENTS OF THE 1960'S

The manpower challenge of the 1960's has been charted. The calculations are not guesswork. All those who will enter the labor market between now and 1970 are alive today. We know their age, sex, education and other characteristics. We foresee problems affecting youths, older workers, women, and minority groups.

Employers will have to forgo the luxury of racial, age, and sex discrimination in order to fill their work schedules.

Educators must lead the way, not only in education and training, but also in career guidance, to fit our youths to the jobs that await them.

Our labor unions must modernize, culling out any obsolete practices that might retard the technological revolution.

WOULD CHANGE LABOR LAW IF NEED ARISES

The Landrum-Griffin law—officially, the Labor-Management Relations Act of 1959—was enacted with near unanimity after years of deliberations. I believe it is effective and fair to all concerned—labor leaders, rank and file union members, management, and the American people.

It protects the worker and the public from abuse by a small minority of labor leaders and businessmen, and it creates no hardship for legitimate leaders of labor and management.

It guarantees the secret ballot for union members in electing their officers and conducting important union business.

It protects the union member from coercion.

It protects his money in the union treasury or welfare fund.

It removes the no man's land between Federal and State law, thus guaranteeing every man his day in court.

I think it is a good law. But, if the test of time should prove otherwise, I would be the first to recommend needed changes or, if necessary, new legislation.

THE THREAT OF INTERNATIONAL COMMUNISM

The international Communist conspiracy directed from Moscow poses the threat of world domination by force. And with equal vigor, it threatens, by propaganda and political cunning, the

principles of morality and freedom that are our fundamental strength. I have fought communism with all my heart and soul for a quarter of a century. As long as this menace exists, I will continue to combat it with all the power at my command.

There are those who seem to believe that communism and capitalism, or communism and freedom, or communism and belief in God, can coexist. The architects of communism deny this.

I remember pointing out in 1934, in New Hampshire, that the worst thing that had been done, and the most far-reaching act that had been done by the then current administration, was the recognition of Soviet Russia; and that has certainly proved true many times in the past quarter of a century.

More than 40 years ago Lenin said:

We cannot live in peace. In the end, one or the other will triumph—a funeral dirge will be sung over the Soviet Republic or world capitalism.

And Stalin wrote that religion, belief in God, must be exterminated everywhere before communism is safe anywhere.

This is Communist doctrine, unchanged by the succession of masters of the Kremlin. Each Soviet dictator makes it increasingly plain that world domination by force and the complete abolition of religion is basic Communist policy.

Perhaps it is to our advantage in the so-called cold war that the Communists make no bones about their ultimate purposes. But how sad for humanity that they prove their words with deeds.

They strangled freedom in Hungary in 1956. They did it by murdering unarmed and defenseless Hungarian patriots, sending a wave of revulsion throughout the free world. Then, as an act of deliberate treachery under the guise of peace talks, they seized, held, and finally executed the Hungarian leaders.

Much closer to home, we know that Latin American Communist Party leaders have been undergoing training in Moscow since 1953. The number of Communists and their sympathizers in Latin America is estimated at about 700,000. This is a small percentage of the population in those countries, but, as J. Edgar Hoover pointed out, the hardcore Communist is a dedicated, disciplined person who obeys the instructions of Moscow. It is the hard core that counts—not sheer numbers.

COMMUNISTS SUPPRESS RELIGION

The fruit of the tree of Communist intrigue in Latin America is ripening in Cuba—only 90 miles from our shores. With Castro's agrarian reform as a front, the conspirators have taken over. I am reliably informed that a move is already afoot to drive an order of priests out of Cuba as the first blow against the church. I have made this charge before and it has not been challenged at home or abroad.

I remember when Mr. Castro was invited to this country by a group of newspaper editors, when he was wine and dined by political leaders of this country, when he was met and received by Members of the Congress, that I stood

on the floor of the Senate and protested it, and told them exactly what he was doing; that if he was not a Communist, he was surrounded by Communists; he was playing the Communist game. I am sorry that has all come true.

Gradual suppression of religion is basic Communist philosophy. The tragic imprisonment of Bishop James E. Walsh in Red China should dispel forever any doubts about this. This devoted and dedicated man knew it was coming, but his devotion to the spiritual welfare of his fellow Christians was so deep as to compel him to remain on the Chinese mainland despite the persecution of his church by a Godless regime.

Communism is evil. Its ends are evil and its means to those ends are evil. We can no more compromise with communism than we can compromise with sin.

When circumstances force communism to do something good and right, it is only an expedient to advance their over-all purpose.

When they permit long-overdue improvements in living conditions, it is only because even dictators must make some concessions or face the wrath of the oppressed.

When they industrialize, it is to strengthen their capacity for aggression.

When they talk peace, it is just another means of waging war.

When their emissaries tour other countries, it is part of the grand strategy to probe the weaknesses of others and to win acceptance of their country as a law-abiding member of the family of nations.

The thing to remember about the Soviet system is that it is not a real government; instead, it is an international conspiracy dedicated to the overthrow of the free world.

SOVIETS TALK PEACE: ARM FOR WAR

The Russians have violated practically every major international agreement to which they have been a party over a period of 30 years. Why should we expect them to honor new treaties now?

The collapse of the summit conference this June startled many people. It should not have. It was no national tragedy.

A great many Americans opposed such conferences all along. We remembered earlier summits, when Western heads of state were out-manuevered and cheated by Khrushchev's predecessor—the cunning Stalin.

Khrushchev's 180° turn from so-called peaceful coexistence at Paris was just a reminder of how fully he remains a dedicated Communist. When he saw that he was not going to get away with anything, he flip-flopped around and tried to embarrass the President for his own political advantage.

Khrushchev is a pure Communist agitator, from the top of his head to the soles of his feet.

Any time he can talk the world into a crisis, we can be sure he will do so. His failure at Paris was that he did not panic the world. Our President, to his everlasting credit, withstood his inflammatory onslaught with dignity and forbearance. In my opinion, that saved the day for the free world.

KEEPING THE PEACE: THE PURPOSE OF FOREIGN POLICY

The fundamental purpose of our foreign policy—a purpose which we sometimes seem to forget—is to provide for our own survival and to keep the peace. That is the acid test.

During the past 8 years—since the close of the Korean war—our foreign policy has been highly successful. We have kept the peace. No American armies are fighting in foreign lands. No American blood is wetting alien soil. No American boys are dying on faraway battlefields.

Diplomatic blowups are disturbing, but they are neither fatal nor final. In some instances, such blowups might even be beneficial to the cause of understanding and future efforts. I believe that to be true in the case of the summit collapse, and, to a lesser extent, in the case of the Communist-inspired student-Socialist riots in Japan.

I am steadfast in my belief that, in the long run, traditional diplomatic methods carried out by the trained and dedicated men and women of our Foreign Service, offer the best hope for successful international relations.

TO KHRUSHCHEV, PEACE MEANS SURRENDER OF FREE WORLD

While the Communists talk peaceful coexistence and disarmament, they stockpile new and more horrible weapons of war.

They have put high priority on the development of lethal gases which can wipe out entire populations; men, women, and children. They have other gases that can immobilize entire nations by causing temporary blindness or paralysis, while they move in and mop up.

Soviet military leaders have boasted that they are fully prepared to use chemical weapons, and we know that Communist soldiers are trained in the use of these weapons.

It is a paradox that words do not always mean the same thing to different people. Peace to the Kremlin conspirators means surrender of the free world to communism.

Peace to us means self-government of people who have freely banded together—without outside domination.

Khrushchev offers his brand of peace—we have only to surrender to communism. But we demand peace on our terms—with freedom and justice for all.

The way to preserve peace is through strength.

The American Republic has learned the meaning of peace through strength by hard experience. We learned at Pearl Harbor and we got another lesson when the Communists invaded South Korea.

We have learned and shall never forget: The key to lasting peace is overwhelming strength.

GROWTH OF U.S. MILITARY POWER SINCE KOREAN WAR

In 1953, no ship afloat was powered by atomic energy. Today we have 9 nuclear submarines in commission and 23 under construction or being converted.

In 1953, the Polaris missile system was just a dream.

This year it is a reality, as two of these submarines, each capable of firing 16 warheaded missiles while submerged, join our active defense forces.

At the close of the Korean war, just 7 years ago, an airplane expected to operate at speeds greater than the speed of sound was in its early design stage. Today, Mach 2 aircraft are part of our regular forces, and a Mach 3 plane is on the way.

In 1953, the Atlas intercontinental ballistic missile was a hazy concept. It was surrounded by doubters. They said it would be operational by 1965. But today—1960—we have Atlases on the launching pads, with an incredible record of successful test firings, and a proved accuracy far exceeding the most optimistic hopes of a few years ago.

In 1953, the intermediate range ballistic missiles, Jupiter and Thor, were not even contemplated. Today, the Thor is in the hands of our allies in the United Kingdom, and the Jupiter booster launched our first earth satellite in 1958.

All of these changes that I have mentioned, and many more, have taken place in just 7 years—since the close of the Korean war. It is amazing to me that so much could have been accomplished, and there is absolutely no doubt in my mind that this progress in the military field, backing up our foreign policy, has been the main factor in keeping the peace during these critical and trying years.

FOREIGN AID FOR MUTUAL ADVANTAGE

It is American commonsense to aid friends in need and to cooperate with them for mutual advantage.

Our foreign aid programs are in line with this commonsense, except in one respect.

We have helped our friends abroad to our mutual advantage. I have always favored this as long as no scoop shovel approach was employed.

But I believe we have been misguided in throwing away our hard-earned substance in the vain hope of converting Communist regimes, such as those in Yugoslavia and Poland, to our way of life.

To get somebody to do the right thing one does not reward him for doing the wrong thing. That, too, is commonsense, it seems to me.

A CRITICAL DECADE AHEAD

If we are going to overcome the problems posed by international communism, the opportunities of space exploration, the perils of fiscal irresponsibility, and inflation at home, and the threats to liberty both international and domestic—in short, if we are going to face squarely the challenges of the sixties, we must use our system of economic and political freedom, as it is the greatest asset we possess. We must unleash the strength of a growing economy, mobilized by the dynamic force of individuals making their own decisions. We must adhere to a philosophy which exalts the individual. We must appeal to an energetic, optimistic, enterprising people.

The decisions of the next decade are going to do much to reshape the world

as we know it and as our children and their children will know it. Never has civilization been so much on trial.

I am confident that, while the challenges are very great, we shall be equal to the job. Together with men of good will everywhere, we can go forward and bring to practical fulfillment the bright promise of this new decade.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. BRIDGES. I am glad to yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. The Senator is discussing the menace of communism to the world and to our Nation. About 3 years ago the Supreme Court invalidated the law which gave to the Secretary of State the ability to deny passports to known Communists. The Secretary of State feels that a new law is necessary, which law will vest in him, in accordance with the pronouncement of the Supreme Court, some power to deny the issuance of passports to Communists in the United States who wish to visit Communist Russia.

The request has been pending for 2 years. Bills have been pending which would vest that power in the Secretary. No action has been taken.

I do not know whether the Senator from New Hampshire was on the floor yesterday morning when I discussed this subject. I merely wish to state that with all the declarations about what legislation is vital to be passed in this month, it seems to me we ought to give attention to the need for a law to give to the Secretary of State the power to deny passports to avowed Communists who, with practical certainty, wish to go to the Kremlin to deliver information there which they think will be of help to the Kremlin and of harm to us.

I should like to have the Senator's comment in that regard.

Mr. BRIDGES. I agree with the distinguished Senator from Ohio. I think that measure should have top priority in the actions of the Congress.

I am rather shocked and amazed to think that in the months which have passed—in the years, even, which have passed—we have had no action on this measure. I think it is deplorable.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. BRIDGES. I yield.

Mr. LAUSCHE. Yesterday I stated, and I repeat tonight, that hearings were conducted early in 1959 on those bills. Only a couple of organizations came before the Committee on Foreign Relations and testified against the proposal. One was the Communist League of the United States. Through their supreme ruler, they presented the argument that no law should be passed impeding the right to travel. The second was an alleged veterans' association of New York. I questioned their commander as to how many members they had and what dues were paid, and an examination of the record will indicate there were elusive answers. To me it was nothing but an organization on paper.

Mr. BRIDGES. I thank the Senator.

Mr. LAUSCHE. There was a third organization which appeared. I shall not identify it at this time.

Those were the agencies which said no such law should be passed.

A year and a half has elapsed and still we have done nothing about the situation. It seems to me that this is a vital piece of business confronting us, especially when we consider the great publicity which is going to be given to the Powers trial. We sleep. We do nothing. We give encouragement to propagandize and to indulge in subversive activities in our country, and then, if I may put it that way, on our knees we give these Communists passports.

Mr. BRIDGES. I agree with the distinguished Senator. I wish there were more great American patriots like the distinguished Senator from Ohio. This country and the free world would be better off.

Mr. LAUSCHE. I thank the Senator very much.

I direct attention to this item because I think we shall commit a serious error if we believe that the subject is inconsequential and that we need not take care of it, and let another 2 years go by while subversive actors are moving about undisturbed and uncontrolled.

Mr. BRIDGES. I thank the Senator for his comments.

The PRESIDING OFFICER. The bill is open to amendment. What is the pleasure of the Senate?

Mr. HOLLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FAIR LABOR STANDARDS AMENDMENTS OF 1960

The Senate resumed the consideration of the bill (S. 3758) to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for employees of large enterprises engaged in retail trade or service and of other employers engaged in activities affecting commerce, to increase the minimum wage under the act to \$1.25 an hour, and for other purposes.

Mr. HOLLAND. Mr. President, some reference has been made today by various speakers to the effect that I propose to offer an amendment to the pending measure, S. 3758. I am not ready to ask that that amendment be made the pending business, because I wish to defer to members of the committee who are handling the proposed legislation, if any of them wish to offer any amendments first.

However, there has been a request from several Senators to know about the provisions of my amendment. I therefore ask unanimous consent that it may be printed in full in the RECORD at this point as a part of my remarks. The amendment has been lying on the table and is designated "8-10-60—L."

There being no objection, the text of the amendment was ordered to be printed in the RECORD, as follows:

On page 3, beginning with the colon in line 10, strike out through the word "establishments" in line 24.

On page 4, beginning with line 4, strike out through line 17 on page 5, and insert the following:

"(t) 'Enterprise engaged in an activity affecting commerce' means an enterprise engaged in such an activity, which is in the business of operating a street, suburban, or interurban electric railway, or local trolley or motorbus carrier."

On page 7, lines 6 and 7, strike out "(1), (2), or (3) or in an establishment described in section 3(t) (4) or (5)".

On page 13, lines 13 and 14, strike out "(1), (2), or (3), or in an establishment described in section 3(t) (4)".

On page 17, beginning with line 8, strike out through line 22 on page 18 and insert the following:

"(1) any employee employed in a bona fide executive, administrative, professional, or local retailing capacity, or in the capacity of outside salesman (as such terms are defined and delimited by regulations of the Secretary of Labor, subject to the provisions of the Administrative Procedure Act); or

"(2) any employee employed by any retail or service establishment, more than 50 per centum of which establishment's annual dollar volume of sales of goods or services is made within the State in which the establishment is located. A 'retail or service establishment' shall mean an establishment 75 per centum of whose annual dollar volume of sales of goods or services (or of both) is not for resale and is recognized as retail sales or services in the particular industry; or

"(3) any employee employed by any establishment engaged in laundering, cleaning or repairing clothing or fabrics, more than 50 per centum of which establishment's annual dollar volume of sales of such services is made within the State in which the establishment is located: *Provided*, That 75 per centum of such establishment's annual dollar volume of sales of such services is made to customers who are not engaged in a mining, manufacturing, transportation, or communications business; or"

Amend the title so as to read: "A bill to amend the Fair Labor Standards Act of 1938, as amended, to provide coverage for certain employees engaged in activities affecting commerce, to increase the minimum wage under the Act to \$1.25 an hour, and for other purposes."

Mr. HOLLAND. Mr. President, for the clarification of the RECORD, and because the proposed legislation is so complex that it is rather difficult to follow the various points in the amendment, I wish to make it very clear that the amendment which I propose is to reenact without any change whatever the exemption given under existing law, as adopted in 1949, to retail establishments and to service establishments regarded under that amendment as intrastate business or business operating within State lines in the main.

There is only one additional concept which is included in my amendment to the exemption adopted in 1949 and now in the existing law, and that is that I propose to add the provision that the exemption and the law be subject to the provisions of the Administrative Procedure Act, which, I understand, was suggested by the committee.

With that amendment included in the RECORD for the reading of all Senators

who may be interested, I have nothing further to say, unless some Senators wish to ask me some questions.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. HOLLAND. Yes; I am glad to yield.

Mr. LAUSCHE. I heard the Senator's description of what his amendment would do. In the 1949 law, were the intrastate industries which the Senator has in mind specifically exempted from the law?

Mr. HOLLAND. Yes and no. While not exempted by name, they were included under a description made so clear in the exemption that there could be no question whatever as to whether they were exempted. The wording, substantially, was this: Employees and businesses primarily engaged in business within State lines and in the retail trade to such an extent that a majority of their business was within the State, or in service industries under the same conditions, were exempted from the provision of the law. I may say to my distinguished friend from Ohio that that is exactly the same exemption that was intended to be included in the original act, passed by Congress in 1938. But the language in that act was not as strong as the language which we adopted in 1949. Because of the inadequacy of that language, various court decisions had operated so as to cut down the exemptions, and various administrative regulations had gone still further. Various people who were intended to be exempted under the original law found themselves subjected to it. Therefore, the amendment of 1949 was merely a clarification and a clearer statement of the precise exemption, without any change from what was intended to be enacted when the original law was enacted.

My amendment proposes a reenactment of that same exemption, with only one addition, and that is to make the law subject to the provisions of the Administrative Procedure Act.

Mr. LAUSCHE. If there is a business within a State, with the major part of its operations being intrastate, as distinguished from interstate, then the law would not apply. Is that correct?

Mr. HOLLAND. The Senator is correct. There has been no trouble under that exemption or that statement of exemption; whereas under the statement of what was thought to be the identical exemption contained in the 1938 act the situation was such that there was much trouble under it, both by reason of court decisions and administrative rulings. I do not have to tell the distinguished Senator, who has been the Governor of his great State for five terms, that there are bureaus and agencies of government which like to extend their authority by administrative rulings. That is the situation we have encountered.

Mr. LAUSCHE. Is my understanding correct, then, that the purpose of the 1938 enactment and the 1949 enactment was not to subject to regulation those businesses the major part of whose operations dealt with purely intrastate affairs?

Mr. HOLLAND. The Senator has completely and clearly stated the purport of the amendment.

Mr. LAUSCHE. Is it the Senator's position that the bill pending before the Senate contemplates changing the 1938 and 1949 purpose of the law?

Mr. HOLLAND. It certainly does. It changes it very materially, and includes such provisions as would make it possible, either under the proposed act or other acts following the same philosophy, to completely destroy intrastate business as the Senator and I have known it.

I may say, before the Senator from Ohio takes his seat, that I have spoken of this as my amendment. I was joined in offering this amendment in 1949 by the distinguished Senator from New Hampshire [Mr. BRIDGES] and the distinguished Senator from Arkansas [Mr. FULBRIGHT]. Both of them have honored me by joining me again as cosponsors. The other two sponsors at that time are not now, unfortunately, in the Senate. But I am being joined by the distinguished Senator from Louisiana [Mr. ELLENDER], who was a member of the committee and of the committee of conference at the time the original bill was passed, and who feels very keenly about this matter; and also by the distinguished Senator from Iowa [Mr. HICKENLOOPER], who is thoroughly conversant with the whole chain of circumstances which I have mentioned.

Mr. LAUSCHE. Do I correctly understand that in 1949, an effort was made to change the law of 1938, and the amendment of the Senator from Florida being successful, it precluded the change from being adopted?

Mr. HOLLAND. That is correct. I am sorry to have to tell the Senator from Ohio that the committee then, just as our committee now—the Committee on Labor and Public Welfare—reported a bill which attempted to widen greatly the coverage of the bill and to do substantially what is proposed in the present bill. The debate on the matter was extensive, and the Senate, at that time, by a majority of more than two to one, upheld my amendment and adopted it. It upheld the philosophy of the 1938 act and restated it in firmer form, rejecting the effort of the committee to broaden the coverage of the act and to destroy, for all practicable purposes, intrastate business as the Senator from Ohio and I have always known it during our practice as lawyers.

Mr. LAUSCHE. I thank the Senator from Florida.

Mr. HOLLAND. Mr. President, I understand the distinguished Senator from West Virginia wishes to be recognized. I yield the floor.

Mr. RANDOLPH. Mr. President, we have listened this afternoon to several Senators who have indicated that the enactment of the proposed legislation would adversely affect the economy of the United States.

Approximately 24 million workers in the United States are now covered by the provisions of the Fair Labor Standards Act, the original act of 1938 having been amended from time to time. Approximately 20 million workers within the

United States are not covered by the present provisions of the wage and hour law.

Perhaps it is important that we think in terms of what the \$1.25 minimum would mean. It was charged earlier today that to raise the present wage from \$1 to \$1.25, running over a period of 3 years, would be inflationary. It is important, I think, to consider why the members of the Committee on Labor and Public Welfare thought the figure of \$1.25 an hour was a valid one. I know that my beloved friend, the senior Senator from Florida [SPESSARD HOLLAND], is always interested in obtaining all the facts concerning legislation.

I recall the testimony of Stanley H. Ruttenberg, director of research for the AFL-CIO, in which he gave a very lucid statement, buttressed with figures and facts, indicating that the \$1.25, which is proposed in the bill, is not an unrealistic figure, but is a figure which is based upon study and reasoning, and which, very frankly, provides a measure of genuine justice to the workers in the United States.

Mr. President, I ask unanimous consent to have printed at this point in my remarks certain statements which were made during the hearings by Mr. Ruttenberg, and which go to the very heart of the controversy which was raised earlier today by the Senator from Arizona [Mr. GOLDWATER] as to how we could pluck out of the air, as it were, the figure of \$1.25 an hour. Why was it not \$1.40 an hour, or some other figure? There are three real reasons why we believe the present economy, the current gross national productivity, and the development of our system of industry, commerce, and business make the \$1.25 an hour a realistic figure. I ask unanimous consent that only those portions of Mr. Ruttenberg's statement relating to the specific subject which was raised earlier today be printed at this point in my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Now as to the reasons for selecting the \$1.25, both Senator GOLDWATER and Senator PROUTY have raised a question as to why pick the \$1.25 as against any other figure.

I guess one can't very well do anything except what appears to be politically feasible. Certainly, \$1.25 is inadequate in terms of any base you want to use, but it is interesting to examine the basis for it if one wanted to justify it on the grounds other than that it is necessary to meet minimum standards of living and necessary to eliminate poverty and destitution and to really improve living standards for the people.

One could justify it on the same basis which the Senate Labor Committee justified the increase to \$1 an hour in 1955. In the report of 1955 from this committee there was a justification for the \$1 minimum being raised at that time from 75 cents. What was done was to take the cost of living from the time of the previous increase, to the time of the one in 1955, and also to take the general trend of productivity in the economy as a whole and not in any particular industry because nobody is claiming this ought to be done in relation to the minimum wage, but what is done is to show the minimum wage should bear some general relationship to the movement of the economy as a whole.

So, in 1955 the committee did come up with a figure showing that the cost of living between 1949 and 1955 had gone up 14 percent; productivity had gone up some 20 percent.

When they applied both of these factors to the 75-cent minimum, the committee's report comes out with a figure of \$1.02½ and so they say we will raise it to \$1.

Using this test and applying it now, you come out at about \$1.25 because the cost of living increase since the 1955 increase went into effect has been 8 percent, and the increase in productivity, if we take the general trend of productivity advance as estimated by the Department of Labor, Bureau of Labor Statistics, as included in the President's Economic Report in January 1958, the general trend has been between 3.4 and 3.9 percent productivity increase, per year.

Senator KENNEDY. This percentage rise in productivity was not characteristic of the past 5 years, was it?

Mr. RUTTENBERG. If you took the years 1957 and 1958 when the economy began to operate at considerably less than capacity, the productivity rise was considerably less.

Senator KENNEDY. How about the period from the end of the Korean war. I don't think you would find an increase of 3.5 percent in productivity per year, would you?

Mr. RUTTENBERG. The general trend from 1947 to 1956 was between 3.4 and 3.9 percent for the private economy, depending on which measure of productivity you used.

Senator KENNEDY. You took the period from 1954 to 1958 which included the Korean war. I don't think your average would be 3.75 percent in a period excluding the war.

Mr. RUTTENBERG. It excluded the Korean war.

Senator KENNEDY. I wouldn't think that taking the period from 1947 to 1950 with the recession of 1949 that you would have anything near this 3.75 percent rise in productivity. You wouldn't have anything like the rise we observed from 1955 to 1958.

Mr. RUTTENBERG. Well, here is a table in appendix F which is attached to my statement and which is based from the Department of Labor report as presented to the Joint Economic Committee of the Congress.

It shows that, with 1947-49 equal to a hundred, you come up through 1950 and have a 10-percent rise over 1948. You come on up through 1957 and you get a 32-percent rise.

Nine years on 32 percent gives you roughly 3½ percent, and this is the index of real productivity of man-hours for the total private economy.

Senator KENNEDY. You say that the 1957-58 figures went up 1 percent. You figure from 1930 to 1958, and the first quarter of 1959, you will have an 8-percent increase?

Mr. RUTTENBERG. Yes. Ewan Clague, Commissioner of Labor Statistics, has appeared before the Joint Economic Committee and pointed out what the facts are. The year after we come out of any recession as in 1949-50, as we can see by this table or as we can see as we came out of the 1954 recession, the year 1954-55, there is usually a very substantial rise, and if I recall correctly, this rise out of the 1949-50 recession was about 7 to 8 percent; the rise out of the 1954-55 recession was about 4½ percent, and it is estimated that the current rise may well be substantially above that because of the great expenditures for plants and equipment which took place in 1955, 1956, and 1957.

It is estimated that the productivity rise moving into 1959 will bring us well back to the trend which we departed from on a downslide because of the recession in 1957-58.

I think it is quite reasonable to assume that the figure of 3.4 to 3.9, the long-term postwar rate in productivity could be applied now and if it were applied, you will see by the calculations on page 17 of my statement that you will come up with a figure of between \$1.23½ and \$1.26 and, roughly, the midpoint is about \$1.25.

It is interesting to note, of course, if you wanted to carry this further, that the productivity figure used in the committee's report of 1955 was 20 percent.

If one looks at what has actually developed with the figures that have been published since this report, the actual productivity rise was 24.2 percent instead of the 20 percent used by the committee.

If one had used 24.2 percent, the overage over the \$1 minimum, it would have been about 6 cents and not the 2 cents. So that fits in and we get this figure. If you applied this back, it could move on up to \$1.30-\$1.31, on the basis of the same analysis used by the committee in 1955.

I don't want to belabor that point any further.

I think the next general problem noted on page 19 of my statement is the question of the movement of the general wages and the movement of the minimum wage, and at the top of page 20 is an interesting little table that I think would be well to have in mind.

Let's take 1949. The average hourly pay was \$1.40. This is for production workers in manufacturing. The minimum wage at that time was 75 cents, and the gap there between this wage and the minimum was 65 cents.

By March of 1959, the average wage was up to \$2.21. The minimum is \$1. The gap between the minimum and the general wage is \$1.21.

Now if you actually brought the minimum up only to \$1.25, the gap would still be 96 cents, which is considerably more than the gap was in 1949.

I would like now to deal in the remaining time with the concept of the cost of this \$1.25 minimum. It has been estimated by the Department of Labor that the total cost of raising the \$1 minimum and extending coverage would be \$2.9 billion, the total cost to the economy.

This figure is based principally on data more than a year old. In the past year, as we can see merely from these recent stories in the Wall Street Journal and elsewhere, such as this story which says the wood furniture makers have raised their minimum to \$1.25 because of the talk in Congress of the rise in the minimum, wages have risen for some low-wage workers.

The same is true of the textile industry, for almost the entire textile industry in the South has moved to the \$1.25 minimum in anticipation of the Congress acting.

As a result of these and other wage movements which the \$2.9 billion figure has not taken into consideration, we figure the total cost would be much closer to \$2.5 billion, probably even a little less than that; but, using the \$2.5 billion or even using \$2.9 billion if one wanted to use it, the relationship of this to the total value of goods and services produced in the economy, which is running in the neighborhood of \$460 to \$480 billion by the end of the year, is a little more than one-half of 1 percent of the total of the gross national product. If you relate the \$2.5 billion to the total wage and salary bill of the country, which is roughly about \$260 billion, it is less than 1 cent out of every dollar on the payroll to raise the minimum to \$1.25 and extend the coverage as S. 1046 does.

That becomes, it seems to me, a relatively minimal cost to pay for such a tremendously important move to improve the living standards and the wage level of the very lowest paid workers in the Nation.

I will skip over, if I might, to the problem of inflation.

The argument has been used repeatedly and it was raised again this morning that the increase in the minimum to \$1.25 might be inflationary on the economy.

I think one has to keep in mind some important considerations here. In addition

to those I have already mentioned, there are one or two more.

The \$2.5 billion or \$2.9 billion cost of the \$1.25 minimum would be less than 1 cent out of every dollar of payroll and would be roughly about a little more than one-half of 1 percent of the total gross national product.

This is assuming that, if there is no absorption whether the increased cost as a result of productivity or anything else, then the total increase in price cannot be in excess of one-half to three-quarters of 1 percent as it relates to the total gross national product.

I think there is an important consideration here to keep in mind. I might say this was noted very clearly by the staff report done for this committee several years ago by Dr. Fred Blum and other recent surveys done by Professor Brinker out in Oklahoma, the results of which were printed in the Monthly Labor Review. They point out that wage increases required in the very low paid industries stimulates those low-paid industries to improve their efficiency, a stimulation they do not otherwise have. This study made in Oklahoma and which I refer to on page 24 of my statement, finds that, and I will just quote the one sentence from the summary article in the Monthly Labor Review, in September of 1957.

"The firms paying below \$1 an hour showed a better record of employment than the firms already paying all employees over \$1." The firms paying below \$1 an hour were stimulated to increase production more, add more machinery and increase efficiency.

In other words, the lowest paying firms were able to absorb the increase from 75 cents to \$1 because they were pressed into improving their own efficiency.

One must take that into consideration when you are talking about the total cost of the \$2½ billion and whether this will automatically be transplanted over into the economy to increase prices by that total amount because, obviously, the whole will not be passed on because there is this specific incentive to improve their efficiency.

Mr. RANDOLPH. Mr. President, I have the feeling that oftentimes Senators may fail to digest a voluminous hearing, such as we have had on this bill. But if tomorrow morning, perhaps, an opportunity is given them to read the remarks which I am making briefly this evening—if I can, in other words, focus attention on this subject without attempting simply to present one side, but to give the colloquy which took place between the Senator from Massachusetts [Mr. KENNEDY] and Mr. Rutenbergh—I believe it would be of some value.

It is my considered judgment—I speak not in any manner of determination beyond simply my own very real conviction—that the passage of the Senate bill, the Senate bill then being sent to conference with the House, so that the previously passed measure of that body may be considered with the action of this body, and then the adoption of a conference report and the passage of legislation which can go to the President, and I hope receive his approval, would be in the interest of the people of the United States and would advance the general welfare.

RECESS

Mr. HOLLAND. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 58 minutes p.m.) the Senate took a recess until tomorrow, Friday, August 12, 1960, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 11, 1960:

IN THE AIR FORCE

The following-named officers for promotion in the Regular Air Force under the appropriate provisions of chapter 835, title 10, United States Code:

LIEUTENANT COLONEL TO COLONEL

Line of the Air Force

Abel, George L., 7845A.
Alba, Carmelo V., 9138A.
Albritton, Jesse T., 9559A.
Allison, Royal B., 8451A.
Amos, Robert F., 9432A.
Andreas, Andreas A., 8293A.
Angier, Frank E., 7340A.
Appold, Norman C., 8445A.
Armbrust, Carl W., 8543A.
Asch, Alfred, 8629A.
Ashley, Clower F., 9518A.
Austin, James M., 6058A.
Avriett, Giles C., 7195A.
Ayres, Langdon F., 9512A.
Bacon, William C., 4828A.
Baer, John W., 9820A.
Bagley, Ronald D., 8863A.
Bailey, Malcolm A., 4991A.
Baker, Basil L., 4183A.
Baker, Royal N., 8315A.
Baldwin, Robert P., 7415A.
Ball, Alfred J., Jr., 3782A.
Banbury, Richard C., 4973A.
Barlow, James D., 4272A.
Barnes, Richard W., 9905A.
Barney, William S., 8720A.
Barthel, Carl C., 8517A.
Barton, Richard E., 9910A.
Beall, Lewis S., 8621A.
Beaudry, Emil G., 4201A.
Beck, Charles J., 10219A.
Beck, Richard W., 9174A.
Beckley, Raymond E., 9080A.
Beerli, Stanley W., 9875A.
Beeson, Thomas H., 9767A.
Bench, Herbert G., 9190A.
Benson, Frank T., 6408A.
Benz, Walter G., Jr., 8677A.
Berg, William W., 9961A.
Berman, Robert A., 8939A.
Berry, Frederick D., Jr., 7565A.
Bird, Clement W., 8051A.
Birdsong, George P., Jr., 8674A.
Bishop, Edward L., 10047A.
Blair, Hubert M., 8697A.
Blals, Lawrence F., 8474A.
Blake, Donald F., 8926A.
Bland, George T., 8594A.
Blitch, Harry A., 7376A.
Blood, Arlie J., 6752A.
Boatman, Beryl L., 9699A.
Boggs, Aaron J., 9054A.
Bogue, Jay D., 6108A.
Boit, Jones E., 9276A.
Bonin, Dwight E., 4658A.
Booker, Brooks W., Jr., 8155A.
Booth, Robert E., 7514A.
Bowen, John E., 8605A.
Bower, Deward E., 8624A.
Bowman, Richard E., 6034A.
Bradley, Jack T., 9301A.
Bradley, Raymond A., 8483A.
Brady, William D., 9822A.
Brecht, Harold M., 4916A.
Brett, Raymond E., 4729A.
Britt, James O., 8625A.
Brooking, George R., 8071A.
Brown, Harold R., 7872A.
Brown, Jack R., 8620A.
Brown, Robert D., 10061A.
Bruch, George D., 9032A.
Bruner, Frederick W., 6391A.

- Bruno, Sam, 7253A.
 Buckey, George R., 7842A.
 Buckey, James H., 9105A.
 Burns, Harmon E., 8702A.
 Burns, Jackson R., 5618A.
 Burris, Howard L., 8923A.
 Burrus, Donald E., 8355A.
 Butcher, Chester J., 9846A.
 Butler, Richard D., 9310A.
 Butman, Paul M., 4721A.
 Butterfield, William H., 9605A.
 Calhoun, William R., Jr., 8090A.
 Callahan, Charles A., 8960A.
 Cammack, Vernon K., 10070A.
 Campbell, William J., 6587A.
 Cappelletti, Francis R., 7937A.
 Cappucci, Joseph J., 5577A.
 Carhart, Thomas M., 7727A.
 Carlton, Paul K., 8693A.
 Carney, Arthur W., 7946A.
 Carter, Roger M., 8039A.
 Cassidy, Benjamin B., Jr., 10133A.
 Catington, James D., 7641A.
 Ceuleers, George F., 8669A.
 Chaffin, Andrew A., 4615A.
 Chairsell, William S., 8501A.
 Chandler, John S., Jr., 10102A.
 Chandler, William F., 9372A.
 Cheney, James S., 8336A.
 Chilstrom, Kenneth O., 9485A.
 Christmas, Charles H., 4117A.
 Clark, Delbert M., 9042A.
 Clarke, Worth C., 3279A.
 Clay, Lucius D., Jr., 8956A.
 Clementson, Gerhard C., 8885A.
 Clerici, Henry J., 6795A.
 Cole, Frederick J., 7744A.
 Cole, George P., 8093A.
 Coleson, Roger D., 8797A.
 Collins, Harold C., 6392A.
 Collinson, William S., 3920A.
 Conner, Hal C., 7977A.
 Connor, Miles A., 32850A.
 Cook, Richard H., 8325A.
 Cook, Walter V., 8098A.
 Cooke, Guy, Jr., 7601A.
 Corrie, Wirt H., 8729A.
 Coward, James S., 4883A.
 Cragg, Ernest T., 10152A.
 Crane, Vincent M., 7472A.
 Criss, George W., Jr., 9814A.
 Cristadoro, Maurice A., Jr., 7920A.
 Crompton, Roy C., 8791A.
 Crow, Duward L., 18061A.
 Cruikshank, Arthur W., Jr., 8107A.
 Crumm, William J., 8663A.
 Cruver, Harry F., 7022A.
 Cumiskey, William T., 7196A.
 Curry, James H., 8691A.
 Curtis, Gilbert L., 7448A.
 Curtis, Robert D., 7557A.
 Dale, Jack D., Jr., 4176A.
 Dameron, Claiborne, 5547A.
 Darby, James A., 8468A.
 Daughton, Glenn B., 7379A.
 David, Robert G., 4713A.
 Davis, Glendon V., 8215A.
 Davis, William M., 8802A.
 Dawson, Peter P., 7896A.
 Dedrickson, Lorin R., 7427A.
 Desportes, John A., 8199A.
 Dettre, Rexford H., Jr., 9768A.
 Devine, John E., 7069A.
 Dieffenderfer, James C., 8197A.
 Diltz, Theo R., 7832A.
 Dodge, John A., 7811A.
 Donovan, Joseph N., 9584A.
 Dorsey, Robert S., 3998A.
 Dougherty, Russell E., 9985A.
 Douglas, Gene L., 6807A.
 Douglas, Paul P., Jr., 8073A.
 Douthett, Elwood M., 6559A.
 Dowling, James K., 6770A.
 Doyle, James L., 9813A.
 Dregne, Irwin H., 8023A.
 Dreier, Charles N., 9384A.
 DuFour, Jerome P., 8747A.
 Dula, Mason A., 7605A.
 Dunham, William D., 8097A.
 Dyer, Richard W., 6151A.
 Eade, George J., 9515A.
 Easters, Robert D., 10043A.
 Edney, James S., 7480A.
 Edwards, Edmund B., 9787A.
 Eells, Irving C., 8635A.
 Ellis, John E., Jr., 5456A.
 Elwell, Robert L., 7958A.
 Embrey, Ralph C., 9405A.
 Erlenbusch, William C., 7880A.
 Evans, David L., 3d, 9369A.
 Evans, Philip G., 6081A.
 Everest, Frank K., Jr., 9100A.
 Fackler, Robert F., 8685A.
 Fahringer, John C., 8809A.
 Farnell, William R., Jr., 6127A.
 Faught, Courtney L., 8781A.
 Ferguson, Clay V. D., 7813A.
 Ferriss, Lester R., Jr., 9586A.
 Fisher, Carl B., 7871A.
 Fletcher, Arthur A., Jr., 7438A.
 Fogg, Lewis W., 3d, 18069A.
 Fontana, Robert E., 6670A.
 Ford, Louis W., 7638A.
 French, Russell L., 6406A.
 Frisbee, John L., 8015A.
 Fry, Howard J., 9908A.
 Fuhrmeister, Ralph S., Jr., 8042A.
 Fussell, James G., 6705A.
 Gaff, John W., Jr., 7829A.
 Gammon, Edgar G., Jr., 6345A.
 Garland, William C., 8934A.
 Gates, Robert W., 8662A.
 Gaylord, Donald A., 10003A.
 Geary, Leo P., 8037A.
 Gee, Howard S., 9002A.
 Genetti, Frank V., 4952A.
 Gentry, Ralph P., 7240A.
 Gernert, William E., 8936A.
 Getz, George G., 3349A.
 Gibbons, John P., 10084A.
 Gibson, Richard C., 8731A.
 Gibson, Robert D., 6592A.
 Gilbert, Raymond A., 8226A.
 Gilbert, Willard R., 7115A.
 Gill, John E., 5660A.
 Giller, Edward B., 8696A.
 Gillespie, John P., 7441A.
 Glaser, Leonard T., 8205A.
 Gleed, Edward C., 7345A.
 Glover, Donald S., 8547A.
 Goddard, Guy H., 7111A.
 Godman, Henry C., 3227A.
 Gorman, John J., 9801A.
 Gossick, Lee V., 8679A.
 Grable, Francis L., 4692A.
 Graham, Gordon M., 7761A.
 Graham, Marshall R., 9061A.
 Gray, Jay O., 9506A.
 Gray, Leon W., 6589A.
 Gray, William L., 32865A.
 Green, John O., 24260A.
 Green, Paul D., 9331A.
 Greffet, Charles V., 9102A.
 Gregory, John L., Jr., 8765A.
 Griffin, Edmund D., Jr., 9670A.
 Griffith, Frank J., 7788A.
 Gromak, Anthony E., 5713A.
 Grubaugh, Glover P., 6867A.
 Grubbs, Wallace E., 8473A.
 Gwynn, Philip S., 7740A.
 Hackler, James F., Jr., 9839A.
 Hale, Samuel, 4534A.
 Hallenbeck, Ralph J., 10170A.
 Halloran, Robert P., 8036A.
 Hamilton, Joseph L., 9770A.
 Hammer, Wendell A., 5523A.
 Hancock, James H., 8648A.
 Hannigan, John F., 9445A.
 Harbour, David F., 7775A.
 Hardin, Ernest C., Jr., 8211A.
 Hardzog, Walter A., Jr., 9114A.
 Hargett, William M., 4184A.
 Harrell, John W., Jr., 8887A.
 Harrington, George E., 5948A.
 Harrington, Robert E., 9818A.
 Harris, William B., 8059A.
 Hauser, Elmer F., 9073A.
 Hawken, Edward A., 6287A.
 Hawkins, William B., Jr., 8110A.
 Haywood, Floyd H., Jr., 9667A.
 Hedrick, Walter R., Jr., 9353A.
 Helmantoler, Willis L., 9537A.
 Hemphill, Robert F., 8824A.
 Herring, John H., Jr., 8800A.
 Herrington, John A., 6693A.
 Heuer, Henry J., 2995A.
 Hicks, Roger L., Jr., 8844A.
 Higgins, Fred J., 20019A.
 Hill, Robert J., 7284A.
 Hinkel, George M., 9402A.
 Hippenstiel, Charles R., 6967A.
 Hooper, Paul E., 8703A.
 Hogan, Henry L., 3d, 10151A.
 Holbury, Robert J., 9893A.
 Holderness, Arthur W., Jr., 10095A.
 Hollick, Thomas C., 3304A.
 Holsclaw, Gerald R., 4850A.
 Holub, Richard C. A., 10022A.
 Hood, John R., Jr., 7800A.
 Hostler, Charles W., 8567A.
 House, Richard A., 8904A.
 Hovde, William J., 9836A.
 Howe, Charles W., 9162A.
 Howes, Francis B., Jr., 8231A.
 Hozler, George C., 8879A.
 Hudson, John B., 10174A.
 Hughel, George K., 8514A.
 Hughes, Charles E., 9242A.
 Hughes, George D., 8921A.
 Hughes, Jack W., 1790A.
 Hughes, Robert B., 7319A.
 Humphres, Earl C., 7219A.
 Hunn, Spencer S., 9442A.
 Hunsaker, Ben W., 7241A.
 Hunter, William A., 8623A.
 Huntley, William H., Jr., 8188A.
 Hutchens, David D., 9895A.
 Hutchison, Jacob A., 8141A.
 Jack, William A., 10074A.
 Jackson, Edgar R., Jr., 18106A.
 Jantzen, Charles D., 4985A.
 Jarnagin, James L., 3390A.
 Jella, Leonard L., 7346A.
 Jenkins, Ralph C., 8533A.
 John, Ernest F., 10075A.
 Johnson, Frank E., 7974A.
 Johnson, George M., Jr., 8810A.
 Johnson, Gerald W., 8671A.
 Johnson, James T., 9094A.
 Johnson, Leland W., 7401A.
 Johnston, George H., 8311A.
 Jolly, David C., 8196A.
 Jones, Allen N., Jr., 5862A.
 Jones, David C., 9887A.
 Jones, John J., 6452A.
 Jones, Waldo B., 7060A.
 Keck, James M., 10122A.
 Keefer, William E., 8366A.
 Kellman, Myron H., 6020A.
 Kellogg, David N., 8687A.
 Kelly, Clyde R., 9613A.
 Kelly, Converse B., 8060A.
 Kelly, Robert L., 9153A.
 King, Benjamin H., 9574A.
 King, Charles W., 32898A.
 King, William G., Jr., 8356A.
 Kinney, George W., 7865A.
 Kirby, Robert L., 7965A.
 Kirkendall, James F., 9092A.
 Knight, Archie J., 6320A.
 Koser, Jack D., 7508A.
 Kreidler, Howard E., 9177A.
 Kronauer, Clifford J., Jr., 7750A.
 Kruege, William A., 6728A.
 Kucheman, Henry B., Jr., 8353A.
 Kullman, John R., 10171A.
 Kurz, Albert A., 8249A.
 Lamarre, Francis H., 6310A.
 Lamm, Louis J., 8612A.
 Lancaster, Hartwell C., 8681A.
 Langdale, Robert H., 7782A.
 Latshaw, Joseph B., Jr., 4897A.
 Layhee, Harold F., 9198A.
 Ledbetter, Henry F., Jr., 7804A.
 Ledford, Otto C., 7590A.
 Lewis, Charles D., 7708A.
 Lewis, Lawrence L., 2955A.
 Lisack, John P., 9358A.
 Lockard, Chancy H., 8829A.
 Long, Maurice G., 9423A.
 Low, Andrew S., Jr., 8890A.
 Lowe, Jessup D., 9807A.
 Lozito, Vincent J., 10012A.
 Lund, Harold G., 5258A.

Lyman, Lawrence R., 9511A.
 Lynch, Robert J., 8988A.
 Lyon, Aubrey G., 9499A.
 MacDonald, William R., 10019A.
 MacKay, Neill C., 8266A.
 Madsen, Frank M., Jr., 9991A.
 Mallett, John H., 8742A.
 Malone, Frank C., 7910A.
 Maloney, Robert S., Jr., 9771A.
 Marchesi, William, 8486A.
 Marshall, Winton W., 9999A.
 Marthens, George W., 2d, 5621A.
 Martin, John L., Jr., 7556A.
 Martin, Lloyd J., 8282A.
 Martin, Maurice L., 10158A.
 Martin, Sherman F., 9963A.
 Matson, Wayne, 8632A.
 Maxwell, Jewell C., 8393A.
 May, Lowell E., 9338A.
 McBride, William V., 10077A.
 McCord, George E., 8642A.
 McCoskrie, Roland K., 9534A.
 McCullough, William E., 6404A.
 McGibeny, Arthur D., 5623A.
 McGough, Edward A., 3d, 9819A.
 McLean, Daniel P., 8484A.
 McPherson, Donald G., 6226A.
 McRaven, Claude C., 8269A.
 Meek, Arthur M., 9505A.
 Merrill, Charles T., 8204A.
 Merrill, Woodrow T., 6446A.
 Messenger, Lester C., 4630A.
 Meyer, Robert J., 8704A.
 Mikolowski, Edward, 9121A.
 Miller, Edwin M., 6860A.
 Miller, Jean B., Jr., 9477A.
 Miller, Lester F., 9004A.
 Mistrot, Joseph F., 9407A.
 Mitchell, Robert H., 9091A.
 Mixon, Carmel A., 6116A.
 Mixson, Marion C., 8339A.
 Moon, Ryan M., 8846A.
 Moore, Hugh C., 5048A.
 Moreland, Charles T., Jr., 8842A.
 Morris, Frederick E., Jr., 9166A.
 Morrison, John E., Jr., 8459A.
 Mulloney, Daniel C., 7356A.
 Mumford, Harry G., 5105A.
 Murphy, John R., 8944A.
 Murphy, Paul C., 6140A.
 Myers, Joseph, 8661A.
 Napier, John G., 8118A.
 Neal, John R., 9268A.
 Neece, Richard D., Jr., 8147A.
 Nell, Charles V., 8258A.
 Nelander, Frederick J., 7776A.
 Nettles, Jess, 5656A.
 Newman, Fred H., 8701A.
 Newman, Neil A., 3847A.
 Nicholas, Jack D., 8283A.
 Nichols, Edward M., Jr., 7805A.
 Nichols, Frederick K., 8444A.
 Nielsen, Melvin J., 7808A.
 Nielsen, William C., 8369A.
 Nix, William E., 5098A.
 Nolan, Robert J., 8362A.
 Norman, William R., 5732A.
 Norton, Carl R., 9334A.
 Nunziato, Ralph J., 8750A.
 Nye, Francis W., 8418A.
 Nye, Richard S., 6590A.
 Nye, Robert M., 8125A.
 O'Connor, Squire T., 9098A.
 Oder, Frederic C. E., 7684A.
 Oglesby, Herbert W., 9309A.
 O'Hern, Luther, 6625A.
 Oholendt, Gene F., 10057A.
 Olds, Robin, 10128A.
 Oliver, Robert R., 5967A.
 Olson, Royce G., 7714A.
 Omohundro, Thomas T., 8057A.
 Orr, Daniel B., 4936A.
 Orr, George W., 9480A.
 Orwat, Norman S., 9489A.
 Owen, James C., 9399A.
 Owens, Harris R., 6098A.
 Paffel, Donald W., 9074A.
 Palfrey, Campbell, Jr., 8892A.
 Parker, Clarence S., 9346A.
 Parker, Van R., 6701A.
 Parsons, Hershell E., 8641A.
 Parsons, Samuel P., 8198A.
 Paxton, Heyward A., Jr., 9980A.
 Payne, Kenneth J., 9533A.
 Payne, Roger B., 5493A.
 Peck, Douglas M., 7834A.
 Pedone, Vito S., 9109A.
 Pepitone, Byron V., 9034A.
 Perry, Lucius A., Jr., 7317A.
 Peters, Charles K., 10068A.
 Peterson, Chesley G., 9383A.
 Peterson, Marshall R., Jr., 9163A.
 Petty, Morris E., 9516A.
 Phillips, Samuel C., 8981A.
 Pitts, William F., 9796A.
 Pitts, Younger A., Jr., 9805A.
 Powell, Ellsworth A., 32907A.
 Prodders, John D., 7976A.
 Radetsky, Harold A., 8055A.
 Raebel, James B., 9017A.
 Ramme, Ernest L., 6360A.
 Ray, Wilbur R., 6383A.
 Reber, Carl J., 9526A.
 Reddell, William H., 8874A.
 Reeher, Kenneth A., 8656A.
 Regan, John M., 8539A.
 Reinbold, Richard D., 8927A.
 Reineck, Rollin C., 8996A.
 Reynolds, Andrew J., 7693A.
 Riggs, William E., 8499A.
 Ritchie, William D., 8076A.
 Riva, Daniel F., 8061A.
 Roache, Clarence E., Jr., 7318A.
 Robbins, Carl W., Jr., 6055A.
 Robertson, Eddie J., Jr., 8070A.
 Roberts, Sam A., 8254A.
 Robinson, William B., 9048A.
 Rochez, Louis A., 3d, 9602A.
 Rogers, Carleton W., 7101A.
 Rogers, Felix M., 10067A.
 Rogers, Woods W., Jr., 6921A.
 Rohr, Louis W., 7436A.
 Rosenthal, Herbert, 7484A.
 Ross, John S., 5782A.
 Ruddell, George I., 8826A.
 Sanders, Harry G., 8294A.
 Satterwhite, Albert W., 9152A.
 Sauer, Robert R., 8072A.
 Scarbrough, Ben A., 7799A.
 Scepansky, Joe T., 7879A.
 Schaal, William R., 8232A.
 Schlee, Russell E., 8435A.
 Schneider, Albert H., 7598A.
 Schoggen, Elmer G., 4908A.
 Schultz, Kenneth W., 9096A.
 Schultz, Melvin R., 8841A.
 Schwellenbach, Thomas W., 9551A.
 Scott, Richard M., 8948A.
 Scurlock, Reagan A., 6978A.
 Searles, Dewitt R., 9907A.
 Seith, Louis T., 9756A.
 Service, Robert H., 7725A.
 Roberts, Ben H., 8326A.
 Robertson, Philip O., 8306A.
 Robinson, William C., 7657A.
 Sewell, Virgil R., 10083A.
 Shaefer, Richard F., 10096A.
 Shanklin, William F., 6120A.
 Shealy, William T., 5662A.
 Shelton, William M., 7303A.
 Sherman, Lenard, 7988A.
 Shields, Benjamin B., 7371A.
 Shiely, Albert R., Jr., 10106A.
 Shiffrin, Benjamin H., 6203A.
 Shook, Harold G., 8151A.
 Slanis, Pete C., 7945A.
 Simler, George B., 9236A.
 Slocum, Paul J., 8074A.
 Slocumb, Clyde B., Jr., 7848A.
 Small, Arthur, 8052A.
 Smith, Gerald T., 7211A.
 Smith, William K., 8002A.
 Smith, William R., 8410A.
 Snavely, William W., 10177A.
 Sorey, Robert L., 8401A.
 Sorte, Martin E., 8278A.
 Sowers, Louis M., 4879A.
 Spivey, Paulett, 4589A.
 Stanley, Ralph W., 6926A.
 Stanton, Carroll L., 7530A.
 Stattler, Cornelius J., Jr., 5379A.
 Steakley, Ralph D., 8241A.
 Stephens, Allen W., 7309A.
 Stevenson, Horace A., Jr., 8786A.
 Stewart, James T., 8692A.
 Stoney, Paul R., 9083A.
 Stuart, Joseph A., Jr., 9828A.
 Stubbs, Gail L., 9491A.
 Suggs, Ralph G., 8409A.
 Summers, Thomas B., 3840A.
 Sutton, John L., 5729A.
 Swanke, Edwin A., 7428A.
 Sweat, Dale S., 10190A.
 Tainsh, Alexander S., 8068A.
 Talbott, Carlos M., 9853A.
 Talmant, Alex W., 9082A.
 Tanberg, Lawrence F., 8286A.
 Tatum, Theodore P., 8772A.
 Taylor, Fitz G., 8335A.
 Taylor, Joe D., 6985A.
 Taylor, John P., 8381A.
 Taylor, Ralph G., Jr., 8660A.
 Taylor, Willis J., 4539A.
 Telzrow, Thomas E., 7954A.
 Temple, Kenneth L., 8529A.
 Teubner, Harold C., 8145A.
 Thabault, George B., 6457A.
 Thelsen, Emmett J., 8225A.
 Thomas, George O., 5552A.
 Tilley, Reade F., 9496A.
 Todd, Robert F., 7777A.
 Tosti, Carlo R., 8871A.
 Townsend, Barry B., 6847A.
 Townsend, Guy M., 8840A.
 Trail, Charles D., 7961A.
 Triantafellu, Rocky, 9504A.
 Turner, Hiram G., Jr., 9784A.
 Turner, Vernon R., 10145A.
 Tyler, Morgan S., Jr., 7923A.
 Uhrich, George A., 8064A.
 Upchurch, Jerry E., 8715A.
 Upson, Linus F., Jr., 8650A.
 Vanvliet, Charles T., 6200A.
 Vestal, Howard L., 8668A.
 Vetter, Fred W., Jr., 9719A.
 Vivian, Edward A., 8361A.
 Vogt, John W., Jr., 8709A.
 Walck, Richard E., 8761A.
 Walker, Roy R., 5846A.
 Wallace, Albert L., Jr., 4806A.
 Wallace, James H., 5516A.
 Walling, Robert J., 9829A.
 Walters, Therwin S., 8827A.
 Waltz, Robert W., 9672A.
 Weart, George S., 9789A.
 Weaver, Frederick, 5820A.
 Weddle, Owen A., 9019A.
 Welch, Darrell G., 7934A.
 Welch, James E., 7629A.
 Welch, Rupert C., 7666A.
 Weitzin, Richard F., 8187A.
 West, Howard B., 7503A.
 Westbrook, Jasper A., 7987A.
 Wetzel, Albert J., 7380A.
 Whidden, Jack D., 4632A.
 White, Harold C., 19570A.
 White, Jack C., 7816A.
 White, Joe R., 7651A.
 White, Richard D., 5728A.
 Whitfield, Joe M., 9110A.
 Whitmire, James M., Jr., 8243A.
 Whitmore, Robert A., 9031A.
 Wilkins, Charles H., 4923A.
 Wilkinson, Richard G., 7745A.
 Williams, David M., 9558A.
 Williams, George P., 9141A.
 Williams, George V., 7733A.
 Williams, Jack W., 7743A.
 Williams, John G., 7267A.
 Wilson, John M., 5997A.
 Wilson, Louis L., Jr., 9803A.
 Wimsatt, Joseph F., 8699A.
 Winn, Chasteen G., Jr., 9307A.
 Wiseman, Lee V., 9237A.
 Wood, Thomas D., 5798A.
 Woods, Robert A., 3812A.
 Woodward, Paul B., 8897A.
 Wooten, Edward D., 9352A.
 Worcester, William J., 51695A.
 Worrell, Rowland H., Jr., 32888A.
 Worthman, Paul E., 7324A.
 Wright, Frank E., 7833A.
 Yandoh, Thomas R., 9513A.

Young, Hugh D., 9125A.
Yount, Barton K., Jr., 9834A.
Zink, Harry J., 9262A.

Dental Corps

Bird, Walter H., 18853A.
Dixon, Edward R., 18863A.
Gibson, Joseph R., 18912A.
Kane, John P., 18931A.
Mackown, John L., Jr., 18866A.
Miller, Ernest L., 18915A.
Mohnac, Alex M., 18921A.
O'Hara, Donald M., 18862A.
Osborn, Ewalt M., 18909A.
Traynham, Charles H., 18892A.
Waldmann, Raymond G., 18893A.

Medical Service Corps

Jarboe, Wallace E., 19470A.
Johnson, William M., 19469A.
Liles, Ben C., 19456A.
Meyer, Alvin F., Jr., 19463A.
Westra, Donald F., 19467A.

Medical Corps

Alexander, Charles P., 19303A.
Bollerud, Jack, 19194A.
Burnett, Jack F., 24107A.
Collins, Thomas A., 27483A.
Ellingson, Harold V., 19235A.
Frese, Frederick J., Jr., 19177A.
Goss, Frank A., 19259A.
Jernigan, James P., 21722A.
Kell, Philip G., 51322A.
Kelley, William T., 20821A.
Lackay, R. Howard, 19636A.
Lau, Robert E., 19246A.
Mears, Claud M., 21841A.
Mills, Edward K., 19212A.
Oden, Lewis H., Jr., 19950A.
Perri, Frank A., 19230A.
Rhoades, Gordon H., 22393A.
Schlechter, John F., 19300A.
Stapp, John P., 51323A.
Wiedeman, Geoffrey P., 19264A.

Veterinary Corps

Snider, Charles H., 19009A.

Nurse Corps

Zeller, Dorothy N., 20915W.

Chaplain

Clasby, William J., 48563A.
Daniels, John F., 48559A.
Slivinski, Alphonse B., 18756A.

(NOTE.—Dates of rank of all officers nominated for promotion will be determined by the Secretary of the Air Force.)

The following persons for appointment in the Regular Air Force in the grades indicated, under the provisions of section 8284,

title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

To be captains, USAF (Medical)

Joel A. Berman, AO3079168.
Daniel E. Christman, AO3079210.
Richard A. Davison, AO3079357.
Harold H. Fry, Jr., AO3075655.
John T. Jenkins, AO3044552.
Kermit B. Knudsen.
Robert L. L'Ecuyer, AO3074998.
Robert E. Matejka, AO3044293.
Richard L. Masters, AO3079078.
David D. O'Brien, AO3076999.
Gerald W. Parker, AO3044193.
Oliver G. Robinson, Jr., AO3078218.
Jimmy R. Snoga, AO3044108.
Angelo P. Spoto, Jr., AO3080248.
Arthur R. Thelemann, Jr., AO2237628.

To be captains, USAF (Dental)

John A. Austin, AO3000053.
Robert A. Brolling, AO3043381.
Arden G. Christen, AO3045009.
James P. Jones, AO3043757.
Sigurds O. Krolls, AO3077676.
Paul H. McCarthy, AO3041609.
James W. O'Hara, Jr., AO3001432.

To be captain, USAF (Judge Advocate)

Rudolph Sullivan, AO2236216.

To be captains, USAF (Nurse)

Mary L. Cole, AN2243868.
Virginia J. Holt, AN762969.

To be first lieutenants, USAF (Medical)

Charles H. Bentlage, AO3089234.
William H. McCarthy, AO3089207.

To be first lieutenants, USAF (Dental)

Gordon A. Riddell, AO3090780.
Ben Z. Swanson, AO3090578.
Robert K. Wettlaufer.

To be first lieutenants, USAF (Judge Advocate)

Donald P. Blinn, AO2210911.
John E. Bowen, AO3060706.
Thomas F. Burke, AO3015791.
Bernard A. Waxstein, Jr., AO3059869.

To be first lieutenants, USAF (Nurse)

Jacqueline A. Burgess, AN2243196.
Cassandra C. Curry, AN2242336.
Rita E. Gengler, AN3090129.
Betty L. McClenney, AN3077877.
Joyce E. Whitaker, AN2242899.

The following persons for appointment in the Regular Air Force in the grade indicated,

under section 8284 of title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be second lieutenants

Distinguished Aviation Cadet Graduates

Francis W. Barks, AO3103443.
Michael A. Brown, AO3103730.
Woodruff B. Halsey, AO3103625.
Robert E. Horton, AO3103606.
Kenneth D. Knight, AO3103565.
David K. Lafferty, AO3103753.
Bill M. Lewis, AO3103694.
John E. Martin, AO3103609.
Ralph H. Mitchell, AO3103611.
John D. Muckleroy, AO3103529.
Robert C. Stauder, AO3103570.
John P. Ward, AO3103716.
Edward R. Warnock, AO3103630.

Subject to medical qualification and subject to designation as distinguished military graduates, the following distinguished military students of the Air Force Reserve Officers' Training Corps for appointment in the Regular Air Force, in the grade of second lieutenant, under section 8284 of title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

Russell D. Anthony, Jr.	Tyler M. Jackson
Charles R. Asfahl, Jr.	Charles S. Kanemori
Donald D. Baines	Donald R. Kirtley
Gerald R. Beller	James S. Lamdin
Kenneth B. Brewer, Jr.	William W. Lofgren
Edmund H. Carpenter, Jr.	Hartwell D. Marks
Roger P. Chassay, Jr.	Stuart McElwain
Peter W. Cole	Henry G. McMath, Jr.
Earnest L. Coleman	Jack D. Miller
Ronald L. Conklin	Stewart C. Nichols
Emil J. Crescenzi, Jr.	John C. Niehoff
George C. Daughan	Bradford S. Page
Donald S. Edgecombe	William W. Phillips
Larry L. Fehrenbacher	James H. Pim, Jr.
Oscar L. Fletcher	James V. Ricks, Jr.
Robert R. Gifford	Edward T. Ristau
Frank S. Giulliano	Ronald E. Roney
Denzil L. Green	Harold D. Shoemaker
Frank S. Greene, Jr.	Harold M. Sistrunk
Patrick L. Harris	Arland T. Stein
Colin A. Heath	Joseph L. Tessitore
Joseph E. Hickox	Thomas A. Tilghman
Brian D. Hogg	Thomas G. Troyer
James C. Hook	George L. Vaughn
William E. Houchin, Jr.	Frank W. Villascusa
Franklin A. Hurlmann	Richard V. Vorhels
Robert A. Jackson	George T. Weathers, Jr.
	Donald C. Westlake
	Arnold A. Wiebold

EXTENSIONS OF REMARKS

REA: The Farmer's Friend

EXTENSION OF REMARKS OF

HON. A. WILLIS ROBERTSON

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Thursday, August 11, 1960

Mr. ROBERTSON. Mr. President, I was privileged day before yesterday to attend the annual meeting of the Shenandoah Valley Electric Cooperative at Harrisonburg, Va., and to address the members briefly. The accomplishments of this, the largest electric cooperative in my State, are truly impressive to me and, I hope, to my colleagues in this body. I ask unanimous consent to have my re-

marks on that occasion printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REA—THE FARMER'S FRIEND

(Remarks of Senator A. Willis Robertson at annual meeting of Shenandoah Valley Electric Cooperative, Harrisonburg, Va., August 9, 1960)

In working as a boy on my grandfather's farm in Culpeper, I learned something about the problems confronting our farmers and a lot about the hard work that goes into the production of the Nation's food supply. Consequently, throughout my public service, first in the Senate of Virginia, and then in the Congress of the United States, plans to promote the welfare of the rural areas of our State and Nation have been for me major goals. Many of you will recall that as a

State senator, I advocated better roads, better schools and better conservation of our natural resources. I served on the commission to lay out the State highway system; was a joint patron of the bill to create it; I was an active supporter of the Mapp bill which revised our public school system, and I helped to frame the bill that created the first game department. All of those programs have paid rich dividends. In my opinion, Virginia's highway system, and especially the secondary roads that serve rural areas, is second to none; our school system compares favorably with States of comparable per capita income and few States can surpass the recreational opportunities offered by our State parks and public hunting and fishing areas, our national forests and our marshlands and beaches in the Tidewater area.

In the Congress, two programs which I have supported from their inception, and which I feel have paid the richest dividends,

have been soil conservation and rural electrification. Both of these programs have been administered at the local level, both have been voluntary programs, the first program being a matching one in which local farmers contributed 50 percent or more of the cost of the program and the latter being supported without cost to the Federal Government except for the loans made available to the REA co-ops, practically all of which have been met at maturity.

One of the distressing aftermaths of World War II was the fact that American farmers were encouraged to greatly expand their production to meet the needs of our allies as well as ourselves for food and fiber and after the end of that abnormal foreign demand for our farm products, no sound and workable plan has been developed under which our farmers could exchange what they produce for what they needed to buy at a fair and equitable price. However, the disparity in recent years between the farmer's share of the national income and that of either industry or organized labor would have been far greater but for the benefits which our farmers have derived from the availability on the farm of electricity. In the 50-year period prior to the rural electrification program, urban communities fully enjoyed the blessings of electric power and light but that advantage of a scientific age reached only 10 percent of our farmers. In 1935, prior to the start of the REA program, only 7.6 percent of Virginia farmers had electricity. Those of us who advocated the REA program argued that lack of modern equipment was keeping American farmers from enjoying a scale of living comparable with their city brethren and lack of modern conveniences was making farm life unattractive to young people on whom we must depend for future food and fiber production.

We said that since the Government had set up the Reconstruction Finance Corporation as a lending agency for business enterprises trying to work their way out of the great depression of the thirties, it was no more than reasonable to provide aid in the form of soundly secured loans for the 90 percent of our farmers who had been denied advantages which most city dwellers had enjoyed for 50 years. Aside from the benefits to the farmers themselves we felt that this program would benefit the Nation generally by promoting more efficient production of food and would create a better balanced economy by encouraging small industries to locate in rural sections.

The REA program has been even more successful than those of us who originally supported it could anticipate. We foresaw that electric lights would make it easier for the farmer to go about his chores and that electric power could reduce manual labor required for moving crops, grinding feed, milking and pumping water. We knew that electricity in the home would save the women from the drudgery of carrying water, standing at the washtubs and enduring the heat of the wood cookstove. We did not fully anticipate how scarce and costly farm labor would become and how essential it would be to substitute electricity and machinery which, it has been estimated, now gives every man, woman and child in our country the work equivalent of 30 hand workers. Nor were we able to imagine that a farmer would find as many as 250 productive uses for electricity, including the innovations which have helped to make the Shenandoah Valley one of the top poultry-producing areas of the Nation.

When I attended the Shenandoah Co-op meeting in 1944 I was able to report that since the start of REA electrification of rural homes in the Nation had risen from 10 to around 42 percent and in Virginia from 7.6 to 30 percent. At your meeting 2 years later I had figures showing that the national percentage was up to 45 percent and the

Virginia figure to 35. It is even more pleasing to know today that the latest annual report of the REA showed Virginia had reached the national average, with 97 percent of our farms electrified. As for the Shenandoah Valley Electric Cooperative—it has become the largest in the State, with 11,465 customers to whom it furnished last year 52,083,000 kilowatt-hours of electric power.

The economic implications alone, are impressive enough to warrant considerable attention. Electricity, for its users, is simply energy in its most usable form. Once a farm is supplied with this silent, flexible, versatile means of energy, it automatically becomes a potential market for all the products that have been devised to harness it for useful work.

No amount of persuasive salesmanship on the part of any electrical appliance dealer could transform a farm family into a customer for his products without an available form of electric energy.

Once a farm is electrified, however, it becomes a potential customer for electric stoves and heaters, for lamps and washing machines, for ironers, radios, television sets, milking machines, and modern plumbing operated by electric pumps. The list of products that an electrified farm is in a position to buy is almost endless. The impact on our economy of this still-developing market is directly beneficial to thousands of stockholders and millions of our industrial workers, some of whom may never have been on a farm at all.

Benefits of the program to the farmer can appropriately be listed under the two heads: "Monetary Gain" and "Social Gain."

1. MONETARY GAIN

- (a) Grinds feed for all farm stock.
- (b) Ten- to twenty-percent increase in egg production by poultry house lighting.
- (c) Ten-percent saving on feed by electric brooding and lighting and 2 weeks less finishing time for broilers.
- (d) Marked increased efficiency in dairying through electric milking machines, sterilizers and coolers, cream separators and churns, and light in winter months in dairy barns.
- (e) Saving in fences through the use of electrified fences.
- (f) Electric hay driers especially valuable in curing alfalfa and pea hay.
- (g) Workshop, grinding mowing blades and repairing farm machinery.
- (h) Pumping water for household use, farm stock, and irrigation.
- (i) Labor-saving devices in the home such as washing machines, vacuum cleaners, electric irons, churns, ranges, hot-water heaters—in a word, the full equipment of a modern city apartment designed to be operated by the housewife without servant help.
- (j) The development of summer homes for city people.

2. THE SOCIAL GAIN

- (a) Radio and prompt news coverage.
- (b) Adequate lighting, including study lights for schoolchildren and lighting for schoolhouses and churches.
- (c) Sanitary facilities made possible by pressure water systems.
- (d) Deep-freeze and locker units for winter consumption of fresh fruits and vegetables as the means of a better balanced rural diet and the conservation of perishable foods.
- (e) The stimulation of community pride and the accentuation of the advantages of farming as a means of life by reducing the drudgery and inconveniences involved. The time saved to farm mothers in not having to fill oil lamps and clean lamp chimneys, churn by hand and not having to bend for hours over washboards can now be devoted to the improvement of family relations and to community enterprises.

The electrical revolution that has taken place in the rural home has been even more impressive, in many ways, than the labor-saving equipment installed elsewhere on the farm. A variety of electric kitchen equipment, freezers, refrigerators, electrically controlled heating plants and television and radio sets have all served to make the farm home a more comfortable place to live.

Estimates indicate that the average farm use of electricity has risen from 600 kilowatt-hours per year 25 years ago to nearly 4,000 kilowatt-hours at the present time. In another 15 years, this consumption is expected to rise to the challenging total of more than 10,000 kilowatt-hours annually. This is a figure both of challenge and opportunity, because it indicates that the work of the REA is far from completion.

The challenge will be to provide the necessary power to meet this anticipated need, to hold the cost to a reasonable figure and to assure that REA cooperatives will have their fair share of the giant power pools of the future.

As we meet these challenges one by one, new ones will arise, based on technological changes we cannot now fully appreciate. But we must keep pace with all these changes or else allow our Nation's agriculture, which George Washington called "the noblest occupation of man," slip into the position of a third-rate industry.

It is not agriculture, alone, that looks to the REA to assure its future. Our national security, itself, as well as the general prosperity of our population, depend on our ability to bring to the beneficial use of all our people the electric power network on which all of us depend for communications, for conveniences and for more efficient production.

The REA has made it possible for millions of nonfarmers to make their homes in rural areas and for thousands of industries, small and large, to locate their plants along rural electric lines with such profitable and pleasant results for themselves and for their workers.

But the rewarding satisfaction that I feel over the splendid results accomplished by a program which I supported at its inception 25 years ago and have continued to support ever since, is tempered by the realization of the new problems both at home and abroad which have arisen for our farmers during those years. One relates to the disparity of income, to which I already have referred. One inflation factor which has eroded one-half of the purchasing power of our money is called the wage price spiral. Industry is organized and industrial labor is organized. And over a period of years when the actual cash income of farmers was declining, to say nothing of the decline in the purchasing power of the farm dollar, industry has granted to organized labor many wage increases which were promptly followed by price increases. Our farmers have never been able to control their output in the way that industry can control its output and the always serious problem of a fair and adequate price for farm products has during recent years been greatly complicated by the accumulation of price depressing surpluses, resulting from a poorly managed farm program. One of the major undertakings of the next Congress will be the disposal of those surpluses with a view to the establishment of a freer and more competitive market for our farm products. Another recent development which is going to have a price-depressing effect, is the organization in Europe by six European nations, formerly the best customers for our cotton, tobacco, and wheat, of what is known as the Common Market. We fear that those six nations in order to stimulate their own farm production may discriminate against our farm products.

There also is another European trade organization recently formed called the Outer Seven. That is an organization led by

Great Britain of seven nations that were not invited to join the Common Market group. The Outer Seven has organized for the protection of their trade and perhaps to force trade concessions from the Common Market group. All of those 13 European nations, most of whom have been the beneficiary of lavish grants and loans from us since the end of World War II, have become highly competitive with us, especially in the industrial field. But since we are normally dependent on export markets for some 40 percent of our cotton and tobacco and some 20 percent of our wheat, the problem of solving in a satisfactory way our current farm problem can be intensified by trade restrictions that may be adopted against us by these two European groups.

While I know that our farmers are concerned about their economic future, I am sure that they are likewise concerned, as are all the rest of us, over the threat to our survival posed by the rapidly developing military power of the Soviet bloc. We are now devoting, and as long as the cold war lasts, will continue to devote, at least one-half of our national revenue to the development of our Defense Establishment. While the Soviet Union may at the moment possess some slight superiority in the field of guided missiles and in the size and equipment of its land army, we still have overall military superiority. We hope that a continuation of that superiority carrying with it the implications of destructive retaliation in the event the Soviets should start another war, will be sufficient to preserve an uneasy peace. But all of us must recognize that it is an uneasy peace. All of us must recognize that in the event of another world war, the worldwide destruction by nuclear weapons will be so terrific that there can be no victor in the true sense of the word. Therefore, we should daily pray that the same God who befriended the early settlers in this valley against hostile Indians and gave them the strength and courage to overcome the hardships of a wilderness, that the same God who was the ally of the Founding Fathers during our fight for independence from Great Britain, and the same God who has enabled us to develop in a relatively brief period some 13 small and struggling Colonies to a Union of 50 States—the richest and most powerful empire in the world—will continue to be our ally in the fight we are making against the anti-God ideology of communism. For, I am convinced that we labor in vain to build a temple of peace that is not dedicated to the victory of moral force.

SENATE

(Legislative day of Thursday, August 11, 1960)

FRIDAY, AUGUST 12, 1960

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, in the abundance of Thy mercy, another day is added to the record of the fast-hurrying years.

We thank Thee for the petaled loveliness of summer flowers, for the far-off twinkle of the stars, for the music of crystal streams, the deep call of the sea, the far stretches of the plains, and the purple majesty of the mountains. Heaven and earth are full of Thee. O God,

Soviets Tear Down United Nations— Statement by Senator Wiley and Editorial From the Milwaukee Journal

EXTENSION OF REMARKS OF

HON. ALEXANDER WILEY

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Thursday, August 11, 1960

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a statement I have prepared. It is entitled "Soviets Tear Down United Nations." I ask to have printed in the RECORD following my statement an editorial published in the Milwaukee Journal.

There being no objection, the statement and the editorial were ordered to be printed in the RECORD, as follows:

SOVIETS TEAR DOWN UNITED NATIONS (By Senator WILEY)

The U.N.—serving the interests of peace, order, law, and justice—offers one of the great hopes of the 1960's for creating a world safe for freedom.

Reflecting the will of mankind, the U.N. embodies great moral force. As this can be put into action, the outlook for a global climate in which the integrity of nations shall be respected and in which more people have an opportunity for self-determination will be greatly brightened.

Only a youth 15 years old, the U.N. has taken hold of difficult situations and contributed to solutions of difficult problems which, if unresolved, might spark world war III.

In addition, it offers one of the best hopes for the newly emerging nations to get on their feet without imposition of outside forces stepping in and taking control.

We recognize, of course, that the Communists—both inside and outside the U.N.—specifically the Soviet Union and Red China, will continue their efforts to thwart ways to accomplish peace. The history of the United Nations, in fact, reveals that time after time the Soviets have attempted to block efforts by the U.N. to resolve difficulties. Instead, they have themselves stirred up greater trouble.

from whom we ask so much, show us that most of what we need to serve the present age is ours already if only we would stretch out the arms of our faltering faith to take it.

As patriots, make us, we pray, worthy of the past and equal to the present. To this end, plant a more sensitive understanding of our brother's need in our hearts. May the healing breezes of good will to all men blow across all the areas of our minds, cleansing our deepest desires of the dross of narrow nationalism and partisanship. Make us prophets of the new dawn of righteousness when earth's crooked things shall be made straight in the radiant Kingdom of Thine all-embracing love.

In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading

[From the Milwaukee Journal, Aug. 9, 1960]
SOVIETS TEAR DOWN U.N.

From the beginning of the present African crisis, Soviet Russia has sought not to join in dampening fires of discord, but to add fuel to them. It has tried to set Africans against Africans, black men against white men, the Congolese against the United Nations. Even Secretary General Hammarskjöld, a diplomat of cautious words, has openly criticized the Soviets for their troublemaking.

There is nothing unusual about such Russian activities, of course. From the time the U.N. came into being at San Francisco in 1945, Moscow has sought in every possible way to thwart, discredit, and defeat it.

More than any other nation, Russia used the veto power to frustrate U.N. action. Molotov, Vishinsky, Malik, and Gromyko sought to turn the world peace forum into a hall of deceit, slander, and demagoguery.

The Soviets encouraged the North Koreans to invade South Korea in defiance of the U.N., then long blocked U.N. efforts to win or end the war that resulted. They defied the U.N. in Hungary, after crushing the "freedom revolt," even refusing to let a U.N. investigating committee, or the Secretary General, enter that country. At the time of the Suez crisis, rocket-hurling threats of Khrushchev were of no help to U.N. leaders in trying to restore peace. Most recently, when U.N. representatives went into Lebanon to help that nation maintain independence, the Russians accused the U.N. of "foreign armed intervention."

Efforts to hinder the U.N. have extended even to the subsidiary organizations, concerned not with peace and war, but with helping mankind live better. Russia has never contributed its proper shares financially to such organizations. When it has participated in activities, the purpose has usually been to confuse or propagandize.

Thus, from the start, the Soviets have tried to hamper the United Nations, even as they paid lip service to the organization and mouthed dedication to its high U.N. principles.

This is most obvious in connection with the very first purpose of the U.N., as set forth in article 1 of the charter. This purpose is "to maintain international peace and security." The Russians signed this pledge, along with all the others, at San Francisco. They constantly talk about peace, but they seem dedicated to blocking the U.N. from effectively carrying out this purpose for which it was created.

of the Journal of the proceedings of Thursday, August 11, 1960, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Edwin M. Martin, of Ohio, a Foreign Service officer of class 1, to be Assistant Secretary of State, which was referred to the Committee on Foreign Relations.